

1 DAUFUSKIE ISLAND UTILITY COMPANY, INC.

2 DOCKET NO. 2014-346-W/S

3 Testimony of Gary C. White

4 On

5 REHEARING

6 Before the South Carolina Public Service Commission

7 Rehearing Testimony Prepared: October 18, 2017

8 Rehearing Date: TBD

9
10 **Q. Please state your name and business address.**

11 A. Gary C. White, 17369 S.E. 111th Court, Summerfield, Florida.

12
13 **Q. Did you prepare the schedules in support of the rate application submitted**
14 **by DIUC in this case?**

15 A. Yes.

16
17 **Q. Did you submit direct and rebuttal testimony in the primary case?**

18 A. Yes, I provided prefiled testimony and exhibits in the primary case. I also
19 testified before the Commission at the hearing on October 28, 2015.

20
21 **Q. Do you adopt and rely upon all of your testimony and the exhibits in their**
22 **entirety in the primary case as if repeated and submitted herewith?**

23 A. Yes.

1

2 **Q. Did you review the South Carolina Supreme Court's Opinion No. 27729**
3 **pertaining to the Public Service Commission Order No. 2015-846?**

4 A. Yes.

5

6 **Q. Have you prepared schedules that summarize your rate analysis based**
7 **on the Supreme Court reversing and remanding the PSC Order in the**
8 **primary case?**

9 A. Yes, I prepared "Schedules in Support of a Rate Increase Rehearing," a copy of
10 which is attached hereto as GCW-R1. I began by updating the schedules filed
11 with the original application and to reflect the ORS adjustments accepted by
12 DIUC as reflected in Mr. Guastella's rebuttal testimony in the primary case. No
13 adjustments were necessary to reflect the positions Mr. Guastella describes in his
14 rehearing testimony in order to reflect the Supreme Court's decision with respect
15 to plant in service costs, utility property taxes for both annual utility property tax
16 expense and the amortization of deferred property taxes under the installment
17 plane with Beaufort County, and management fees.

18

19 **Q. Briefly explain the updates that were necessary in connection with the**
20 **Supreme Court's decision.**

21 A. The bad debt expense was calculated to reflect an amount adjusted for the
22 percentage of the revenue increase. In other words, the amount of bad debts or

1 uncollectible revenues is proportionate to the total revenues. Rate case expense
2 reflects a 3 year amortization of actual rate case costs as of September 30, 2017,
3 plus the estimated cost to complete through the current rehearing process, as well
4 as the 3 year amortization of the cost of bonds related to potential refunds to
5 customers.

6
7 **Q. Does this conclude your testimony?**

8 **A.** Yes.
9
10
11
12
13
14
15
16
17

Daufuskie Island Utility Company, Inc.
Water and Wastewater Systems
Combined Operating Statement

	Company Pro Forma Proposed Rates	PSC Order - Corrected (a)		
		Pro Forma Present Rates	Adjustments	Pro Forma Proposed Rates
Operating Revenue:				
Residential	\$710,786	\$312,153	\$435,718	\$747,871
Commercial	287,589	146,277	165,155	311,432
Irrigation	213,238	99,193	118,385	217,578
Availability Billing	992,880	485,761	591,074	1,076,835
Misc. Other Revenue	63,229	30,197	39,136	69,333
Interdepartmental Sales	0	0	0	0
Billing Adjustments	0	0	0	0
Total Revenues	2,267,722	1,073,581	1,349,467	2,423,049
Operating Expense:				
Wages	164,752	176,590	0	176,590
Benefits	10,686	6,200	0	6,200
Director's Fees	16,500	16,500	0	16,500
Sludge Disposal	0	0	0	0
Power	166,718	130,181	0	130,181
Chemicals	9,510	9,020	0	9,020
Supplies & Maintenance	28,543	27,116	0	27,116
Outside Services-Mgmt	171,364	171,365	0	171,365
Outside Services-Engineering	8,013	10,137	0	10,137
Outside Services-Accounting	2,762	2,761	0	2,761
Outside Services-Legal	23,178	23,178	0	23,178
Outside Services-Testing	92,289	92,288	0	92,288
Outside Services-Other	38,622	38,621	0	38,621
Other Operating Expenses	0	0	0	0
Transportation	2,756	2,450	0	2,450
Bad Debt	30,852	108,349	134,233	242,582
Insurance	48,322	38,911	0	38,911
Regulatory Commission Expense	15,636	15,636	0	15,636
Other A&G Expenses	36,436	36,436	0	36,436
Accepted ORS Adjustment	0	(46,033)	0	(46,033)
Total O&M Expense	866,939	859,707	134,233	993,939
Depreciation	95,266	95,539	0	95,539
Amortization	206,076	350,853	0	350,853
Revenue Taxes	14,320	9,196	11,557	20,753
Property Taxes	192,301	192,302	0	192,302
Payroll Taxes	13,732	13,212	0	13,212
State and Federal Income Taxes	260,495	0	201,668	201,668
Total Operating Expenses	1,649,129	1,520,809	347,457	1,868,266
Net Operating Income	\$618,593	(\$447,228)		\$554,782
Rate Base	\$7,085,475	\$6,975,242		\$6,975,242
Rate of Return	8.73%	-6.41%		7.95%
Revenue Increase	108.9%			125.7%
Interest Expense	\$180,680			\$215,535
Operating Margin	19.3%			14.0%

Note (a): Restored Water Tank, and other "Non-Documented" plant costs.
Restored correct level of property tax expense and amortization of
back tax assessments.
Restore bad debt expense to test year levels and adjusted for
revenue increase.
Restore Mgmt Fees to "As Filed" Expense
Set Rate Case Costs at Actual Expense, plus Post PSC Decision Costs

Daufuskie Island Utility Company, Inc.

Statement of Proposed Rates

		Haig Pt. Present Rates	Melrose Present Rates	DIUC Single Tariff Proposed Rates
I. <u>Residential Rates</u>				
A. <u>Water:</u>				
1)	Base Quarterly Charge	\$62.09	\$80.72	\$166.37
2)	Consumption Charge (per 1,000 gallons)	\$2.76	\$0.00	\$4.77
	0 to 22,500 gallons per quarter			
	Over 22,500 gallons	\$2.76	\$2.44	\$4.77
B. <u>Sewer:</u>				
1)	Base Quarterly Charge	\$110.38	\$80.72	\$242.14
2)	Volumetric Charge (per 1,000 gallons)	\$1.32	\$0.00	\$2.57
	0 to 22,500 gallons per quarter			
	Over 22,500 gallons	\$1.32	\$1.95	\$2.57
C. <u>Irrigation:</u>				
1)	Consumption Charge (per 1,000 gallons)	\$2.76	\$1.66	\$5.24
	0 to 18,000 gallons per quarter			
	18,001 to 60,000 gallons	\$3.09	\$1.66	\$6.20
	Over 60,000 gallons	\$3.50	\$1.66	\$7.15
II. <u>Commercial Rates</u>				
A. <u>Water:</u>				
1)	Base Quarterly Charge	\$86.93	\$136.60	\$232.92
2)	Consumption Charge (per 1,000 gallons)	\$2.76	\$0.00	\$4.77
	0 to 22,500 gallons per quarter			
	Over 22,500 gallons	\$2.76	\$1.95	\$4.77
B. <u>Sewer:</u>				
1)	Base Quarterly Charge	\$178.21	\$136.60	\$339.00
2)	Volumetric Charge (per 1,000 gallons)	\$1.32	\$0.00	\$2.57
	0 to 22,500 gallons per quarter			
	Over 22,500 gallons	\$1.32	\$1.95	\$2.57
C. <u>Irrigation:</u>				
1)	Consumption Charge (per 1,000 gallons)	\$2.76	\$1.66	\$5.24
	0 to 18,000 gallons per quarter			
	18,001 to 60,000 gallons	\$3.09	\$1.66	\$6.20
	Over 60,000 gallons	\$3.50	\$1.66	\$7.15
III. <u>Availability Charge</u>				
A. <u>Water:</u>				
1)	Base Quarterly Charge	\$31.04	\$76.36	\$119.79
B. <u>Sewer:</u>				
1)	Base Quarterly Charge	\$55.19	\$85.08	\$156.18

Daufuskie Island Utility Company, Inc.

Water Operating Statement

	Company's Pro Forma Proposed Rates	PSC Order			Pro Forma Proposed Rates
		Pro Forma Present Rates	Adjustments		
Operating Revenue:					
Residential	\$146,590	\$139,563	\$197,237 (1b)		\$336,800
Commercial	72,931	72,912	70,589 (1d)		143,501
Irrigation	104,868	99,193	118,385 (1f)		217,578
Availability Billing	202,156	211,078	256,342 (1h)		467,421
Misc. Other Revenue	20,531	19,729	25,709 (1j)		45,438
Metered Sales-Other	0	0	0		0
Billing Adj (Remove Tap Fees)	0	0	0		0
Total Revenues	547,076	542,475	668,263		1,210,737
Operating Expense:					
Wages	82,376	88,295			88,295
Benefits	5,343	3,100			3,100
Officer & Director's Fees	8,250	8,250			8,250
Sludge Disposal	0	0			0
Purchased Water	0	0			0
Power	83,095	64,953			64,953
Chemicals	4,740	4,510			4,510
Supplies & Maintenance	14,544	13,828			13,828
Outside Services-Mgmt	85,682	85,682			85,682
Outside Services-Engineering	2,570	425			425
Outside Services-Accounting	1,381	1,381			1,381
Outside Services-Legal	11,589	11,589			11,589
Outside Services-Testing	81,578	81,578			81,578
Outside Services-Other	31,026	31,026			31,026
Other Operating Expenses	0	0			0
Transportation	1,378	1,225			1,225
Bad Debt	6,676	54,280	66,765 (20)		121,045
Insurance	24,161	19,455			19,455
Regulatory Commission Expense	13,506	13,506			13,506
Other A&G Expenses	14,683	14,683			14,683
Accepted ORS Adjustment	0	(30,136)			(30,136)
Total O&M Expense	472,578	467,629	66,765		534,394
Depreciation, Net	41,938	42,120			42,120
Amortization	103,038	175,426			175,426
Revenue Taxes	3,455	4,647	5,722 (21)		10,369
Property Taxes	91,967	91,967			91,967
Payroll Taxes	6,866	6,606			6,606
State and Federal Income Taxes	0	0	93,236 (22)		93,236
Total Operating Expenses	719,842	788,395	165,723		954,119
Net Operating Income	(\$172,766)	(\$245,921)			\$256,618
Rate Base	\$3,278,504	\$3,224,844			\$3,224,844
Rate of Return	-5.27%	-7.63%			7.96%
		Revenue Increase			123.2%

Daufuskie Island Utility Company, Inc.

Sewer Operating Statement

	Company's Pro Forma Proposed Rates	PSC Order			Pro Forma Proposed Rates
		Pro Forma Present Rates	Adjustments		
Operating Revenue:					
Residential	\$180,814	\$172,590	\$238,481 (1b)		\$411,071
Commercial	75,576	73,365	94,566 (1d)		167,931
Irrigation	0	0	0		0
Availability Billing	272,171	274,683	334,731 (1f)		609,414
Misc. Other Revenue	9,783	10,468	13,427 (1h)		23,895
Interdepartmental Sales	0	0	0		0
Billing Adj (Remove Tap Fees)	0	0	0		0
Total Revenues	538,344	531,107	681,205		1,212,312
Operating Expense:					
Wages	82,376	88,296			88,296
Benefits	5,343	3,100			3,100
Officer & Director's Fees	8,250	8,250			8,250
Sludge Disposal	0	0			0
Power	83,623	65,228			65,228
Chemicals	4,770	4,510			4,510
Supplies & Maintenance	13,999	13,288			13,288
Outside Services-Mgmt	85,682	85,682			85,682
Outside Services-Engineering	5,443	9,712			9,712
Outside Services-Accounting	1,381	1,381			1,381
Outside Services-Legal	11,589	11,589			11,589
Outside Services-Testing	10,711	10,711			10,711
Outside Services-Other	7,596	7,596			7,596
Other Operating Expenses	0	0			0
Transportation	1,378	1,225			1,225
Bad Debt	8,086	54,069	67,468 (20)		121,536
Insurance	24,161	19,456			19,456
Regulatory Commission Expense	2,130	2,130			2,130
Other A&G Expenses	21,753	21,753			21,753
Accepted ORS Adjustment	0	(15,897)			(15,897)
Total O&M Expense	378,271	392,078	67,468		459,546
Depreciation	53,328	53,420			53,420
Amortization	103,038	175,426			175,426
Revenue Taxes	3,400	4,549	5,835 (21)		10,384
Property Taxes	100,334	100,334			100,334
Payroll Taxes	6,866	6,606			6,606
State and Federal Income Taxes	0	0	108,431 (22)		108,431
Total Operating Expenses	645,237	732,413			914,148
Net Operating Income	(\$106,893)	(\$201,307)			\$298,164
Rate Base	\$3,806,971	\$3,750,397			\$3,750,397
Rate of Return	-2.81%	-5.37%			7.95%
			Revenue Increase		128.3%

**Daufuskie Island Utility Company, Inc.
Water and Wastewater Systems**

**Schedules in Support
of a
Rate Increase
Rehearing**

Historical Test Year 12/31/2014

With Known and Measurable Changes through 12/31/2015
and Remand

GUASTELLA ASSOCIATES LLC

May 2015

TABLE OF CONTENTS**Schedules**

A-1	Comparative Balance Sheets
A-2	Comparative Income Statements
A-3	Capital Structure for Consolidated Water and Sewer Operations
A-4	Consolidated Pro Forma Operating Statement
W-B	Water Rate Base Calculation
W-B.1	Adjustments to Water Rate Base
W-B.2	Water Utility Plant in Service
W-B.3	Water Accumulated Depreciation
W-B.4	Water CIAC and Amortization of CIAC
W-C	Water Operating Statement
W-C.1	Adjustments to Water Operating Statement
W-C.2	Operating Expenses - Water
W-C.3	Depreciation Expense - Water
W-D	Water Capital Structure, Rate of Return
W-E	Test Year Billing Analysis at Present Rates - Water
W-E.1	Pro Forma Billing Analysis at Present Rates - Water
W-E.2	Pro Forma Billing Analysis at Proposed Rates - Water
W-F.1	Revenue Requirement Calculation - Water
W-F.2	Rate Design - Water
S-B	Sewer Rate Base Calculation
S-B.1	Adjustments to Sewer Rate Base
S-B.2	Sewer Utility Plant in Service
S-B.3	Sewer Accumulated Depreciation
S-B.4	Sewer CIAC and Amortization of CIAC
S-C	Sewer Operating Statement
S-C.1	Adjustments to Sewer Operating Statement
S-C.2	Operating Expenses - Sewer
S-C.3	Depreciation Expense - Sewer
S-D	Sewer Capital Structure, Rate of Return
S-E	Test Year Billing Analysis at Present Rates - Sewer
S-E.1	Pro Forma Billing Analysis at Present Rates - Sewer
S-E.2	Pro Forma Billing Analysis at Proposed Rates - Sewer
S-F.1	Revenue Requirement Calculation - Sewer
S-F.2	Rate Design - Sewer

Work Papers

1.1	Typical Residential Water & Sewer Bill Comparison (Haig Point Customers)
1.2	Typical Residential Water & Sewer Bill Comparison (Melrose Customers)
2W	Water UPIS & Depreciation
2S	Sewer UPIS & Depreciation
3	Customer Growth & System Utilization
4.1	Billing Data for Twelve Months Ended 12/31/14 - Haig Point
4.2	Billing Data for Twelve Months Ended 12/31/14 - Melrose
5.1	Pro Forma Projections of Metered Customer Units and Demands
5.2	Pro Forma Projections of Availability Customer Units
6	Statement of Proposed Rates and Charges
7.1	Payroll Service Summary - Test Year
7.2	Payroll Detail - Test Year
7.3	Payroll Detail - Pro Forma
7.4	Employee Expense Summary
8	Test Year Irrigation Usage by Tier
9	Capital Expenditures

Docket No. 2014-346-WS

Schedule A-1

Daufuskie Island Utility Company, Inc.
Water and Wastewater Systems
Comparative Balance Sheets

<u>Assets</u>	<u>Water</u>					
	<u>12/31/2009</u>	<u>12/31/2010</u>	<u>12/31/2011</u>	<u>12/31/2012</u>	<u>12/31/2013</u>	<u>12/31/2014</u>
Utility Plant	\$3,211,843	\$3,851,101	\$3,858,489	\$3,864,959	\$3,814,485	\$3,905,259
Accumulated Depreciation	(208,008)	(250,512)	(283,720)	(317,092)	(341,904)	(382,950)
Construction Work in Progress	0	0	0	0	0	29,511
Cash	4,956	5,146	11,842	30,152	369,870	34,576
Accounts Receivable	97,128	212,594	228,274	312,173	205,909	202,206
Provision for Uncollectibles	(45,013)	(67,825)	(67,825)	(67,825)	0	0
Receivables from Associated Co.	0	0	0	0	0	0
Deferred Expenses	0	0	0	202,503	408,150	502,686
Accumulated Deferred Income Tax	0	0	0	0	0	0
Total Assets	<u>\$3,060,906</u>	<u>\$3,750,504</u>	<u>\$3,747,060</u>	<u>\$4,024,870</u>	<u>\$4,456,510</u>	<u>\$4,291,287</u>

<u>Liabilities & Equity</u>						
Common Stock	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Premium on Capital Stock	1,328,041	1,328,041	664,021	664,021	664,021	664,021
Paid in Capital	2,670,205	3,150,047	2,829,589	2,801,457	1,765,964	1,765,964
Retained Earnings	(1,305,625)	(1,211,687)	(212,815)	(65,714)	(69,317)	(18,326)
Notes and Loans Payable	0	0	0	0	1,369,979	1,307,975
Accounts Payable	42,523	75,245	82,296	272,010	61,678	100,225
Advances from Associated Co.	0	(20,586)	(42,109)	(61,577)	(25,615)	(25,615)
Accrued Taxes	0	0	0	2,130	(1,468)	157
Deferred Credits	0	0	0	0	269,779	72,195
Misc Accrued Liabilities	0	0	0	0	12,443	16,771
Misc Operating Reserves	0	10,659	10,659	0	0	0
Contributions in Aid of Construction	354,000	453,500	454,000	455,000	455,500	458,500
Accum. Amortization of CIAC	(29,238)	(35,715)	(39,581)	(45,456)	(47,455)	(51,580)
Total Liabilities & Equity	<u>\$3,060,906</u>	<u>\$3,750,504</u>	<u>\$3,747,060</u>	<u>\$4,022,870</u>	<u>\$4,456,510</u>	<u>\$4,291,287</u>

<u>Assets</u>	<u>Sewer</u>					
	<u>12/31/2009</u>	<u>12/31/2010</u>	<u>12/31/2011</u>	<u>12/31/2012</u>	<u>12/31/2013</u>	<u>12/31/2014</u>
Utility Plant	\$2,679,330	\$3,637,399	\$3,642,884	\$3,645,734	\$3,474,402	\$4,077,571
Accumulated Depreciation	(258,167)	(317,217)	(347,008)	(376,912)	(369,432)	(404,688)
Construction Work in Progress	0	0	0	18,170	92,951	225,342
Cash	1,479	5,146	11,843	30,152	369,870	34,576
Accounts Receivable	100,732	227,191	279,018	278,142	194,956	198,409
Provision for Uncollectibles	(54,036)	(96,662)	(96,662)	(96,662)	0	0
Receivables from Associated Co.	282,366	5,139	0	0	0	0
Deferred Expenses	0	0	770	202,503	408,150	502,686
Accumulated Deferred Income Tax	0	0	0	0	0	0
Total Assets	<u>\$2,751,704</u>	<u>\$3,460,995</u>	<u>\$3,490,845</u>	<u>\$3,701,129</u>	<u>\$4,170,897</u>	<u>\$4,633,896</u>

<u>Liabilities & Equity</u>						
Common Stock	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Premium on Capital Stock	0	0	664,020	664,020	664,021	664,021
Paid in Capital	2,579,174	3,226,883	3,547,341	3,519,209	2,459,067	2,459,067
Retained Earnings	(15,339)	31,720	(901,197)	(879,745)	(851,298)	(178,173)
Notes and Loans Payable	0	0	0	0	1,369,979	1,307,975
Accounts Payable	52,443	31,915	32,633	272,010	61,678	100,255
Advances from Associated Co.	26,166	(20,586)	(42,109)	(61,577)	(25,615)	(25,615)
Accrued Taxes	(418)	(418)	(418)	1,674	6,440	8,065
Deferred Credits	0	0	0	0	265,359	72,195
Misc Accrued Liabilities	0	0	0	0	36,673	41,001
Misc Operating Reserves	0	5,118	5,118	0	0	0
Contributions in Aid of Construction	116,795	197,295	197,795	199,295	199,795	201,795
Accum. Amortization of CIAC	(8,117)	(11,932)	(13,338)	(14,757)	(16,202)	(17,689)
Total Liabilities & Equity	<u>\$2,751,704</u>	<u>\$3,460,995</u>	<u>\$3,490,845</u>	<u>\$3,701,129</u>	<u>\$4,170,897</u>	<u>\$4,633,896</u>

Daufuskie Island Utility Company, Inc.
Water and Wastewater Systems
Comparative Income Statements for 12 Months Ended

	Water					
	<u>12/31/2009</u>	<u>12/31/2010</u>	<u>12/31/2011</u>	<u>12/31/2012</u>	<u>12/31/2013</u>	<u>12/31/2014</u>
Revenues:						
Metered Sales	\$152,708	\$219,825	\$234,370	\$281,237	\$315,254	\$309,860
Availability Billing	38,173	128,829	132,903	154,579	208,970	213,004
Interdepartmental Sales	0	0	0	0	0	0
Other Revenue	1,051	3,775	2,671	5,405	4,908	20,444
Total Operating Revenue	<u>191,932</u>	<u>352,429</u>	<u>369,944</u>	<u>441,221</u>	<u>529,131</u>	<u>543,308</u>
Expenses:						
O&M Expense	200,864	327,999	315,487	338,308	427,489	472,592
Depreciation	29,371	29,209	29,342	29,498	29,981	36,921
Amortization					46,210	46,210
Taxes, Other	616	9,132	10,721	11,684	7,633	8,759
Income Tax	0	0	0	0	0	0
Total Operating Expense	<u>230,851</u>	<u>366,340</u>	<u>355,550</u>	<u>379,490</u>	<u>511,313</u>	<u>564,482</u>
Net Operating Income	(38,919)	(13,911)	14,394	61,731	17,818	(21,174)
Other Income	0	0	0	0	65	122
Interest Expense	0	0	0	0	(6,061)	(88,763)
Other Expenses	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(3,607)</u>
Net Income	<u>(\$38,919)</u>	<u>(\$13,911)</u>	<u>\$14,394</u>	<u>\$61,731</u>	<u>\$11,822</u>	<u>(\$113,422)</u>

	Sewer					
	<u>12/31/2009</u>	<u>12/31/2010</u>	<u>12/31/2011</u>	<u>12/31/2012</u>	<u>12/31/2013</u>	<u>12/31/2014</u>
Revenues:						
Metered Sales	\$111,102	\$172,731	\$171,405	\$195,602	\$224,335	\$246,745
Availability Billing	67,864	159,901	165,380	191,065	271,878	276,661
Interdepartmental Sales	137,080	0	0	0	0	0
Other Revenue	1,966	4,975	2,881	6,609	4,908	9,749
Total Operating Revenue	<u>318,012</u>	<u>337,607</u>	<u>339,666</u>	<u>393,276</u>	<u>501,120</u>	<u>533,155</u>
Expenses:						
O&M Expense	271,573	262,600	250,362	263,682	338,772	382,145
Depreciation	25,884	28,170	28,384	28,486	28,770	36,151
Amortization					46,210	46,210
Taxes, Other	1,963	6,498	9,358	9,645	11,392	8,759
Income Tax	0	0	0	0	0	0
Total Operating Expense	<u>299,420</u>	<u>297,268</u>	<u>288,104</u>	<u>301,813</u>	<u>425,144</u>	<u>473,265</u>
Net Operating Income	18,592	40,339	51,562	91,463	75,977	59,890
Other Income	0	0	0	0	65	122
Interest Expense	0	0	0	0	(6,061)	(88,763)
Other Expenses	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(3,607)</u>
Net Income	<u>\$18,592</u>	<u>\$40,339</u>	<u>\$51,562</u>	<u>\$91,463</u>	<u>\$69,981</u>	<u>(\$32,358)</u>

**Daufuskie Island Utility Company, Inc.
Water and Wastewater Systems
Water and Sewer Operations**

Capital Structure and Rate of Return

PSC Order	<u>Amount</u>	<u>Ratio</u>	<u>Cost Rate</u>	<u>Weighted Cost</u>	<u>Return</u>
L-T Debt	\$3,750,000	53.8%	5.75%	3.09%	\$281,455
S-T Debt	0	0.0%	0.00%	0.00%	0
Equity	<u>5,358,573</u>	<u>46.2%</u>	<u>10.50%</u>	<u>4.86%</u>	<u>442,677</u>
	<u><u>\$9,108,573</u></u>	<u><u>100.0%</u></u>		<u><u>7.95%</u></u>	<u><u>\$724,132</u></u>
ORS Adjusted	<u>Amount</u>	<u>Ratio</u>	<u>Cost Rate</u>	<u>Weighted Cost</u>	<u>Return</u>
L-T Debt	\$3,250,000	46.0%	5.29%	2.43%	\$171,685
S-T Debt	0	0.0%	0.00%	0.00%	0
Equity	<u>3,815,217</u>	<u>54.0%</u>	<u>9.31%</u>	<u>5.03%</u>	<u>355,380</u>
	<u><u>\$7,065,217</u></u>	<u><u>100.0%</u></u>		<u><u>7.46%</u></u>	<u><u>\$527,065</u></u>
DIUC Application	<u>Amount</u>	<u>Ratio</u>	<u>Cost Rate</u>	<u>Weighted Cost</u>	<u>Return</u>
L-T Debt	\$3,750,000	41.2%	6.20%	2.55%	\$232,269
S-T Debt	0	0.0%	0.00%	0.00%	0
Equity	<u>5,358,573</u>	<u>58.8%</u>	<u>10.50%</u>	<u>6.18%</u>	<u>562,910</u>
	<u><u>\$9,108,573</u></u>	<u><u>100.0%</u></u>		<u><u>8.73%</u></u>	<u><u>\$795,178</u></u>

Daufuskie Island Utility Company, Inc.
Water and Wastewater Systems
Combined Operating Statement

	Company	ORS	PSC Order	
	Pro Forma Proposed Rates	Pro Forma Proposed Rates	Pro Forma Present Rates	Pro Forma Proposed Rates
Operating Revenue:				
Residential	\$710,786	\$496,239	\$312,153	\$747,871
Commercial	287,589	230,909	146,277	311,432
Irrigation	213,238	145,780	99,193	217,578
Availability Billing	992,880	773,555	485,761	1,076,835
Misc. Other Revenue	63,229	46,653	30,197	69,333
Interdepartmental Sales	0	0	0	0
Billing Adjustments	0	0	0	0
Total Revenues	2,267,722	1,693,136	1,073,581	2,423,049
Operating Expense:				
Wages	164,752	176,590	176,590	176,590
Benefits	10,686	6,200	6,200	6,200
Director's Fees	16,500	16,500	16,500	16,500
Sludge Disposal	0	0	0	0
Power	166,718	130,181	130,181	130,181
Chemicals	9,510	9,020	9,020	9,020
Supplies & Maintenance	28,543	27,116	27,116	27,116
Outside Services-Mgmt	171,364	132,211	171,365	171,365
Outside Services-Engineering	8,013	10,137	10,137	10,137
Outside Services-Accounting	2,762	2,761	2,761	2,761
Outside Services-Legal	23,178	23,178	23,178	23,178
Outside Services-Testing	92,289	92,288	92,288	92,288
Outside Services-Other	38,622	38,621	38,621	38,621
Other Operating Expenses	0	0	0	0
Transportation	2,756	2,450	2,450	2,450
Bad Debt	30,852	171,253	108,349	242,582
Insurance	48,322	38,913	38,911	38,911
Regulatory Commission Expense	15,636	15,636	15,636	15,636
Other A&G Expenses	36,436	36,436	36,436	36,436
Accepted ORS Adjustment	0	(46,033)	(46,033)	(46,033)
Total O&M Expense	866,939	883,459	859,707	993,939
Depreciation	95,266	71,070	95,539	95,539
Amortization	206,076	50,112	350,853	350,853
Revenue Taxes	14,320	13,940	9,196	20,753
Property Taxes	192,301	140,880	192,302	192,302
Payroll Taxes	13,732	13,213	13,212	13,212
State and Federal Income Taxes	260,495	149,053	0	201,668
Total Operating Expenses	1,649,129	1,321,727	1,520,809	1,868,266
Net Operating Income	\$618,593	\$371,409	(\$447,228)	\$554,782
Rate Base	\$7,085,475	\$4,981,166	\$6,975,242	\$6,975,242
Rate of Return	8.73%	7.46%	-6.41%	7.95%
Revenue Increase	108.9%	57.7%		125.7%
Interest Expense	\$180,680	\$121,212		\$215,535
Operating Margin	19.3%	14.8%		14.0%

Daufuskie Island Utility Company, Inc.
Revenue Impact Analysis
Test Year Revenue - Existing Rates

WATER						
Customer	Classification	Consumption	Usage Charge	Units	Base Charge	Revenue
Haig Point-Residential	3/4" Meter			1,061	\$62.09	\$65,877
	0 to 22,500 gals.	8,360,179	\$2.76			\$23,074
	Over 22,500 gals.	3,192,728	\$2.76			\$8,812
Haig Point-Irrigation				727		
	0 to 18,000 gals.	8,367,838	\$2.76			\$23,095
	18,001 to 60,000 gals.	9,829,270	\$3.09			\$30,372
	Over 60,000 gals.	10,049,342	\$3.50			\$35,173
Melrose-Residential	3/4" Meter			452	\$80.72	\$36,485
	0 to 22,500 gals.	4,105,940	\$0.00			\$0
	Over 22,500 gals.	2,177,808	\$2.44			\$5,314
Melrose-Irrigation				100		
	0 to 18,000 gals.	1,368,330	\$1.66			\$2,271
	18,001 to 60,000 gals.	2,002,230	\$1.66			\$3,324
	Over 60,000 gals.	2,986,298	\$1.66			\$4,957
Haig Point-Commercial	Metered			106	\$86.93	\$9,215
	0 to 22,500 gals.	2,413,190	\$2.76			\$6,660
	Over 22,500 gals.	2,132,690	\$2.76			\$5,886
Melrose-Commercial	Metered			329	\$136.60	\$44,941
	0 to 22,500 gals.	1,752,659	\$0.00			\$0
	Over 22,500 gals.	2,544,703	\$2.44			\$6,209
Water Service Total		61,283,205		2,775		\$311,667
SEWER						
Customer	Classification	Consumption	Usage Charge	Units	Base Charge	Revenue
Haig Point-Residential	3/4" Meter			1,061	\$110.38	\$117,113
	0 to 22,500 gals.	8,360,179	\$1.32			\$11,035
	Over 22,500 gals.	3,192,728	\$1.32			\$4,214
Melrose-Residential	3/4" Meter			448	\$80.72	\$36,163
	0 to 22,500 gals.	3,926,008	\$0.00			\$0
	Over 22,500 gals.	2,296,390	\$1.77			\$4,065
Haig Point-Commercial	Metered			102	\$178.21	\$18,177
	0 to 22,500 gals.	2,362,530	\$1.32			\$3,119
	Over 22,500 gals.	2,132,690	\$1.32			\$2,815
Melrose-Commercial	Metered			329	\$136.60	\$44,941
	0 to 22,500 gals.	1,559,487	\$0.00			\$0
	Over 22,500 gals.	2,436,565	\$1.77			\$4,313
Water Service Total		26,266,577		1,940		\$245,955
REVENUE SUMMARY:						
Total Residential Water and Sewer Service Revenues						\$312,153
Total Commercial Water and Sewer Service Revenues						\$146,277
Total Irrigation Service Revenues						\$99,193
Total Water and Sewer Service Revenues						\$557,623
Availability Billing-Water	Haig Point			1,917	\$31.04	\$59,504
	Melrose			1,617	\$76.36	\$123,474
	Bloody Point			368	\$76.36	\$28,100
Availability Billing-Sewer	Haig Point			1,917	\$55.19	\$105,799
	Melrose			1,617	\$85.08	\$137,574
	Bloody Point			368	\$85.08	\$31,309
Total Water and Sewer Availability Revenues						\$485,761
Misc. Other Revenue	Other					
	Return Check Fees					
	Late Fees-Metered Sales					
	Late Fees-Availability					
Total Misc. Other Revenue						\$30,197
Total Operating Revenue						\$1,073,581

Daufuskie Island Utility Company, Inc.
Revenue Impact Analysis
Test Year Revenue - Proposed Rates

WATER								
Customer	Classification	Consumption	Usage Charge	Units	Base Charge	Revenue	Increase Amt.	Increase %
Haig Point-Residential	3/4" Meter			1,061	\$166.37	\$176,519	\$110,641	167.9%
	0 to 22,500 gals.	8,360,179	\$4.77			\$39,878	\$16,804	72.8%
	Over 22,500 gals.	3,192,728	\$4.77			\$15,229	\$6,417	72.8%
Haig Point-Irrigation				727			\$0	N/A
	0 to 18,000 gals.	8,367,838	\$5.24			\$43,847	\$20,752	89.9%
	18,001 to 60,000 gals.	9,829,270	\$6.20			\$60,941	\$30,569	100.6%
	Over 60,000 gals.	10,049,342	\$7.15			\$71,853	\$36,680	104.3%
Melrose-Residential	3/4" Meter			452	\$166.37	\$75,199	\$38,714	106.1%
	0 to 22,500 gals.	4,105,940	\$4.77			\$19,585	\$19,585	N/A
	Over 22,500 gals.	2,177,808	\$4.77			\$10,388	\$5,074	95.5%
Melrose-Irrigation				100			\$0	N/A
	0 to 18,000 gals.	1,368,330	\$5.24			\$7,170	\$4,899	215.7%
	18,001 to 60,000 gals.	2,002,230	\$6.20			\$12,414	\$9,090	273.5%
	Over 60,000 gals.	2,986,298	\$7.15			\$21,352	\$16,395	330.7%
Haig Point-Commercial	Metered			106	\$232.92	\$24,690	\$15,475	167.9%
	0 to 22,500 gals.	2,413,190	\$4.77			\$11,511	\$4,851	72.8%
	Over 22,500 gals.	2,132,690	\$4.77			\$10,173	\$4,287	72.8%
Melrose-Commercial	Metered			329	\$232.92	\$76,631	\$31,689	70.5%
	0 to 22,500 gals.	1,752,659	\$4.77			\$8,360	\$8,360	N/A
	Over 22,500 gals.	2,544,703	\$4.77			\$12,138	\$5,929	95.5%
Water Service Total		61,283,205		2,775		\$697,879	\$386,212	123.9%
SEWER								
Customer	Classification	Consumption	Usage Charge	Units	Base Charge	Revenue	Increase Amt.	Increase %
Haig Point-Residential	3/4" Meter			1,061	\$242.14	\$256,911	\$139,797	119.4%
	0 to 22,500 gals.	8,360,179	\$2.57			\$21,486	\$10,450	94.7%
	Over 22,500 gals.	3,192,728	\$2.57			\$8,205	\$3,991	94.7%
Melrose-Residential	3/4" Meter			448	\$242.14	\$108,479	\$72,316	200.0%
	0 to 22,500 gals.	3,926,008	\$2.57			\$10,090	\$10,090	N/A
	Over 22,500 gals.	2,296,390	\$2.57			\$5,902	\$1,837	45.2%
Haig Point-Commercial	Metered			102	\$339.00	\$34,578	\$16,401	90.2%
	0 to 22,500 gals.	2,362,530	\$2.57			\$6,072	\$2,953	94.7%
	Over 22,500 gals.	2,132,690	\$2.57			\$5,481	\$2,666	94.7%
Melrose-Commercial	Metered			329	\$339.00	\$111,531	\$66,590	148.2%
	0 to 22,500 gals.	1,559,487	\$2.57			\$4,008	\$4,008	N/A
	Over 22,500 gals.	2,436,565	\$2.57			\$6,262	\$1,949	45.2%
Water Service Total		26,266,577		1,940		\$579,003	\$333,048	135.4%
REVENUE SUMMARY:								
Total Residential Water and Sewer Service Revenues						\$747,870	\$435,717	139.6%
Total Commercial Water and Sewer Service Revenues						\$311,434	\$165,157	112.9%
Total Irrigation Service Revenues						\$217,578	\$118,385	119.3%
Total Water and Sewer Service Revenues						\$1,276,882	\$719,259	129.0%
Availability Billing-Water	Haig Point			1,917	\$119.79	\$229,637	\$170,134	285.9%
	Melrose			1,617	\$119.79	\$193,700	\$70,226	56.9%
	Bloody Point			368	\$119.79	\$44,083	\$15,982	56.9%
Availability Billing-Sewer	Haig Point			1,917	\$156.18	\$299,397	\$193,598	183.0%
	Melrose			1,617	\$156.18	\$252,543	\$114,969	83.6%
	Bloody Point			368	\$156.18	\$57,474	\$26,165	83.6%
Total Water and Sewer Availability Revenues						\$1,076,835	\$591,074	121.7%
Total Misc. Other Revenue						\$69,333	\$39,136	129.6%
Total Operating Revenue						\$2,423,050	\$1,349,469	125.7%

Docket No. 2014-346-WS

Schedule W-B

**Daufuskie Island Utility Company, Inc.
Water and Wastewater Systems**

Water Rate Base Calculation

				PSC Order	
	Company's Application	ORS Adjusted	Adjusted Test Year	Pro Forma Adjustment	Pro Forma 12/31/2015
Plant in Service	\$3,949,957	\$2,546,008	\$3,905,258	\$44,698	\$3,949,956
Accumulated Depreciation	(429,396)	(463,677)	(382,950)	(46,446)	(429,396)
CWIP	0	0	29,511	(29,511)	0
Contributions in Aid of Construction	(477,750)	(458,500)	(458,500)	0	(458,500)
Accum. Amortization of CIAC	56,088	51,619	51,580	4,326	55,906
Net Plant	3,098,899	1,675,450	3,144,898	(26,932)	3,117,966
Working Capital (1/5th O&M)	95,955	89,314	93,920	12,958	106,878
Unamortized Balances	83,650	0	0	0	0
Rate Base	\$3,278,504	\$1,764,764	\$3,238,819	(\$13,974)	\$3,224,844

Schedule W-B.1

Daufuskie Island Utility Company, Inc.
Water and Wastewater Systems
Adjustments to Pro Forma Water System Rate Base

1	Adjustments to Utility Plant in Service.			
a)	UPIS Pro Forma Additions			
	Meter & Meter Boxes	\$	15,187	
b)	UPIS Reclass from CWIP			
	Storage Tank Land Costs		29,511	
	Adjustment			\$ 44,698
2	Adjust accumulated depreciation to reflect pro forma annual depreciation.			
a)	Annual Depreciation (Schedule C-3)	\$	-	
	Adjustment			\$ -
3	Reclass Construction Work in Progress to Plant in Service.			
	Adjustment			\$ (29,511)
4	Adjust CIAC for Tap Fees related to pro forma customer growth.			
	Adjustment			\$ -
5	Adjust accumulated amortization of CIAC to reflect pro forma annual amortization.			
a)	Annual Amortization (Schedule C-3)	\$	(4,326)	
	Adjustment			\$ 4,326
6	Adjust working capital allowance for changes to O&M expenses.			
	Expense Adjustment		64,792	
	Working Capital Allowance (Qtrly Billing)		20%	
	Adjustment			\$ 12,958
7	Adjustment to reflect the average unamortized balance of rate case expense and deferred property taxes.			
	Rate Case Costs		397,105	
	Amortization Period (yrs)		3	
	Average Unamortized Balance		330,921	
	Adjustment			\$ -

**Daufuskie Island Utility Company, Inc.
Water and Wastewater Systems**

Water Utility Plant in Service

	UPIS	Balance	Plant Reductions			Additions
	Acct	12/31/2014	Prior	Condemn.	GA Cap Mgmt	
Organizational Costs	301	\$ 73,597	-			
Land	303	56,702	-	-		5,128
Wells	307	794,865	-			
Misc Equipment-Source	339	9,104			-	
Water Treatment Plant	320	321,643	-		-	(1,824)
Distribution Reservoirs	330	869,379	-			
Storage - Other	330A	37,946			-	
T&D Plant	311	75,414	-		-	
Mains, Hydrts, Serv	331	1,509,688	-			
Meters	334	8,786	-		-	2,922
Other Intangible Plant	348	404				
Plant-Structures	304	104,082	-			
Office Equipmt	340	13,820	-		-	
Transportation Equipmt	341	18,067	-			
General Plant-Tools & Equip	343	5,536	-		-	
Total Water Plant		\$ 3,899,032	\$ -	\$ -	\$ -	\$ 6,226

Schedule W-B.2

Adjusted Test Year	Pro Forma Adjustment	Pro Forma 12/31/2015
\$ 73,597		\$ 73,597
61,830	29,511	91,340
794,865		794,865
9,104		9,104
319,819		319,819
869,379		869,379
37,946		37,946
75,414		75,414
1,509,688		1,509,688
11,708	15,187	26,896
404		404
104,082		104,082
13,820		13,820
18,067		18,067
5,536		5,536
<u>\$ 3,905,258</u>	<u>\$ 44,698</u>	<u>\$ 3,949,956</u>

**Daufuskie Island Utility Company, Inc.
Water and Wastewater Systems**

Water Accumulated Depreciation

	UPIS Acct	Balance 12/31/2014	Additions	Adjusted Test Year	Pro Forma Adjustment	Pro Forma 12/31/2015
Wells	307	\$ 88,101		\$ 88,101	\$ 7,500	\$ 95,601
Misc Equipment-Source	339	82		82	172	254
Water Treatment Plant	320	21,797		21,797	3,749	25,546
Distribution Reservoirs	330	60,598		60,598	8,203	68,802
Storage - Other	330A	-		-	3,162	3,162
T&D Plant	311	(3,048)		(3,048)	907	(2,142)
Mains, Hydrts, Serv	331	195,966	-	195,966	14,245	210,212
Meters	334	649		649	846	1,495
Other Intangible Plant	348	8		8	16	24
General Plant-Structures	304	7,672		7,672	2,836	10,508
Office Equipmt	340	808		808	691	1,499
Transportation Equipmt	341	8,369		8,369	3,011	11,380
General Plant-Tools & Equip	343	1,947		1,947	1,107	3,054
		<u>\$ 382,950</u>	<u>\$ -</u>	<u>\$ 382,950</u>	<u>\$ 46,446</u>	<u>\$ 429,396</u>
Total Water Plant		<u>\$ 382,950</u>	<u>\$ -</u>	<u>\$ 382,950</u>	<u>\$ 46,446</u>	<u>\$ 429,396</u>

Daufuskie Island Utility Company, Inc.
Water and Wastewater Systems

Water CIAC and Accumulated Amortization

	<u>Balance</u> <u>12/31/2014</u>	<u>Additions</u>	<u>Adjusted</u> <u>Test Year</u>	<u>Pro Forma</u> <u>Adjustment</u>	<u>Pro Forma</u> <u>12/31/2015</u>
CIAC - Tap Fees	\$ 339,500	\$ -	\$ 339,500	\$ -	\$ 339,500
CIAC - Other	<u>119,000</u>	<u>-</u>	<u>119,000</u>	<u>-</u>	<u>119,000</u>
Water - CIAC	<u>\$ 458,500</u>	<u>\$ -</u>	<u>\$ 458,500</u>	<u>\$ -</u>	<u>\$ 458,500</u>
Accum. Amortization - Tap Fees	\$ 38,193	\$ -	\$ 38,193	\$ 3,204	\$ 41,396
Accum. Amortization - Other	<u>13,387</u>	<u>-</u>	<u>13,387</u>	<u>\$ 1,123</u>	<u>14,510</u>
Water - CIAC Amortization	<u>\$ 51,580</u>	<u>\$ -</u>	<u>\$ 51,580</u>	<u>\$ 4,326</u>	<u>\$ 55,906</u>

Daufuskie Island Utility Company, Inc.
Water and Wastewater Systems

Water Operating Statement

	Company's Application	ORS Adjusted	Year-End 12/31/2014	Ref.	Adjustments	PSC Order		
						Pro Forma Present Rates	Adjustments	Pro Forma Proposed Rates
Operating Revenue:								
Residential	\$146,590	\$139,562	\$139,071	E-1	\$491 (1a)	\$139,563	\$197,237 (1b)	\$336,800
Commercial	72,931	72,911	72,479	E-1	432 (1c)	72,912	70,589 (1d)	143,501
Irrigation	104,868	99,192	98,309	E-1	883 (1e)	99,193	118,385 (1f)	217,578
Availability Billing	202,156	211,078	213,004	E-1	(1,926) (1g)	211,078	256,342 (1h)	467,421
Misc. Other Revenue	20,531	19,729	20,444	E-1	(715) (1i)	19,729	25,709 (1j)	45,438
Metered Sales-Other	0	0	0		0	0	0	0
Billing Adj (Remove Tap Fees)	0	0	0		0	0	0	0
Total Revenues	547,076	542,472	543,308		(834)	542,475	668,263	1,210,737
Operating Expense:								
Wages	82,376	88,295	78,301	C-2	9,994 (2)	88,295		88,295
Benefits	5,343	3,100	4,490	C-2	(1,390) (3)	3,100		3,100
Officer & Director's Fees	8,250	8,250	8,250	C-2	0 (4)	8,250		8,250
Sludge Disposal	0	0	0	C-2		0		0
Purchased Water	0	0	0	C-2		0		0
Power	83,095	64,953	57,581	C-2	7,372 (5)	64,953		64,953
Chemicals	4,740	4,510	4,510	C-2	0 (6)	4,510		4,510
Supplies & Maintenance	14,544	13,828	13,849	C-2	(21) (7)	13,828		13,828
Outside Services-Mgmt	85,682	66,105	78,825	C-2	6,857 (8)	85,682		85,682
Outside Services-Engineering	2,570	425	425	C-2	0 (9)	425		425
Outside Services-Accounting	1,381	1,381	1,381	C-2		1,381		1,381
Outside Services-Legal	11,589	11,589	11,589	C-2		11,589		11,589
Outside Services-Testing	81,578	81,578	81,578	C-2		81,578		81,578
Outside Services-Other	31,026	31,026	31,026	C-2		31,026		31,026
Other Operating Expenses	0	0	0	C-2		0		0
Transportation	1,378	1,225	1,225	C-2	(0) (10)	1,225		1,225
Bad Debt	6,676	54,280	52,834	C-2	1,447 (11)	54,280	66,765 (20)	121,045
Insurance	24,161	19,457	18,197	C-2	1,258 (12)	19,455		19,455
Regulatory Commission Expense	13,506	13,506	10,861	C-2	2,645 (13)	13,506		13,506
Other A&G Expenses	14,683	14,683	14,683	C-2		14,683		14,683
Accepted ORS Adjustment	0	(30,136)			(30,136)	(30,136)		(30,136)
Total O&M Expense	472,578	448,053	469,602		(1,973)	467,629	66,765	534,394
Depreciation, Net	41,938	30,538	36,921	C-2	5,198 (14)	42,120		42,120
Amortization	103,038	25,056	46,210	C-2	129,216 (15)	175,426		175,426
Revenue Taxes	3,455	4,647	3,052	C-2	1,595 (16)	4,647	5,722 (21)	10,369
Property Taxes	91,967	70,441	2,105	C-2	89,863 (17)	91,967		91,967
Payroll Taxes	6,866	6,606	6,591	C-2	15 (18)	6,606		6,606
State and Federal Income Taxes	0	0	0	C-2	0 (19)	0	93,236 (22)	93,236
Total Operating Expenses	719,842	585,341	564,482		223,913	788,395	165,723	954,119
Net Operating Income	(\$172,766)	(\$42,869)	(\$21,174)			(\$245,921)		\$256,618
Rate Base	\$3,278,504	\$1,764,764	\$3,238,819			\$3,224,844		\$3,224,844
Rate of Return	-5.27%	-2.43%	-0.65%			-7.63%		7.96%
						Revenue Increase		123.2%

Schedule W-C.1

Daufuskie Island Utility Company, Inc.
Adjustments to Operating Statement (Water)

Adjustment (1)

a)	Adjust residential revenue to reflect the pro forma number of customers at present rates.			
	Residential Revenue Per Schedule E.1	139,563		
	Less: Residential Revenue - Test Year	139,071		
	Adjustment			491
b)	Adjust residential revenue to reflect the pro forma number of customers at proposed rates.			
	Residential Revenue Per Schedule E.2	336,800		
	Less: Residential Revenue Per Schedule E.1	139,563		
	Adjustment			197,237
c)	Adjust commercial revenue to reflect the pro forma number of customers at present rates.			
	Commercial Revenue Per Schedule E.1	72,912		
	Less: Commercial Revenue - Test Year	72,479		
	Adjustment			432
d)	Adjust commercial revenue to reflect the pro forma number of customers at proposed rates.			
	Commercial Revenue Per Schedule E.2	143,501		
	Less: Commercial Revenue Per Schedule E.1	72,912		
	Adjustment			70,589
e)	Adjust irrigation revenue to reflect the pro forma demand at present rates.			
	Irrigation Revenue Per Schedule E.1	99,193		
	Less: Irrigation Revenue - Test Year	98,309		
	Adjustment			883
f)	Adjust irrigation revenue to reflect the pro forma demand at proposed rates.			
	Irrigation Revenue Per Schedule E.2	217,578		
	Less: Irrigation Revenue Per Schedule E.1	99,193		
	Adjustment			118,385
g)	Adjust availability revenue to reflect the pro forma number of customers at present rates.			
	Availability Revenue Per Schedule E.1	211,078		
	Less: Availability Revenue - Test Year	213,004		
	Adjustment			(1,926)
h)	Adjust availability revenue to reflect the pro forma number of customers at proposed rates.			
	Availability Revenue Per Schedule E.2	467,421		
	Less: Availability Revenue Per Schedule E.1	211,078		
	Adjustment			256,342
i)	Adjust miscellaneous revenues to reflect percentage of pro forma total revenue at present rates relative to test year total revenue.			
		Total Rev.	Misc. Rev.	
	Misc Revenue Per Schedule E.1	542,475	3.64%	19,729
	Less: Misc Revenue - Test Year	544,745	3.75%	20,444
	Adjustment			(715)
j)	Adjust miscellaneous revenues to reflect percentage of pro forma total revenue at proposed rates relative to pro forma total revenue at present rates.			
		Total Rev.	Misc. Rev.	
	Misc Revenue Per Schedule E.2	1,210,737	3.75%	45,438
	Less: Misc Revenue Per Schedule E.1	542,475	3.64%	19,729
	Adjustment			25,709

Schedule W-C.1

Daufuskie Island Utility Company, Inc.
Adjustments to Operating Statement (Water)

Adjustment (2)

Increase the previous level of wages for 4 full-time shared employees to reflect the wages of 4 full-time 1 part-time shared employee (an effort to reduce OT) including a 3% wage increase for the full-time employees.

Pro forma costs (WP 7.4)	88,295	
Less: Test period costs	78,301	
Adjustment		9,994

Adjustment (3)

Adjust employee insurance benefits to reflect current premiums.

Pro forma costs (WP 7.4)	3,100	
Less: Test period costs	4,490	
Adjustment		(1,390)

Adjustment (4)

Adjust Directors' Fees to reflect annual Officer's fees of \$12,000 and Directors' fees of \$4,500 split between water and sewer operations.

Pro forma costs	8,250	
Less: Test period costs	8,250	
Adjustment		0

Adjustment (5)

Adjust pro forma bills to reflect corrected 2nd and 3rd quarter SCE&G bills and increase the level of power costs for increased system demand.

	Test Period	Factor	Pro Forma	
July-YE Power	39,527			
Annualized SCE&G Corrected Bills	79,053	1.000	79,053	
less: Test Year			57,581	
Adjustment				7,372

Adjustment (6)

Increase the level of chemical costs for increased system demand.

	Test Period	Factor	Pro Forma	
Chemicals	4,510	1.000	4,510	
Adjustment				0

Adjustment (7)

Increase the level of operating supply costs for increased number of customers.

Test period costs	13,849	
Factor for increase in customers	1.000	
	13,849	
Adjustment		(21)

Adjustment (8)

Adjust Outside Services-Management to reflect contractual annual increases.

Test period costs	78,825	
Factor for increase in customers	1.050	
	82,785	
Annual Increase	3.5%	
	85,682	
Adjustment		6,857

Adjustment (9)

Adjust Outside Services-Engineering to reflect 2011-2014 average cost.

	2011	2012	2013	2014	Average	
Annual Cost	3,200	3,563	3,093	425	425	
Less: Test period costs					425	
Adjustment						0

Schedule W-C.1

Daufuskie Island Utility Company, Inc.
Adjustments to Operating Statement (Water)

Adjustment (10)

Adjust transportation costs relative to the number of employees.

	Test Period	Factor	Pro Forma	
Transportation Adjustment	1,225	1.000	1,225	<u>0</u>

Adjustment (11)

Adjust bad debt expense to reflect revenue write-off percentages established in prior case applied to pro forma revenue under present rates.

Metered Sales-Bad debt at .5% of revenues	311,667	0.5%	1,558	
Availability Sales-Bad Debt at 2.5% of revenue	211,078	2.5%	5,277	
			<u>6,835</u>	
Test period costs			52,834	
Adjustment				<u>1,447</u>

Adjustment (12)

Adjustment to record general liability insurance to reflect recent premiums.

	Vehicle	Op Bond	General	Flood	Water Syst.	
Pro Forma Expense	2,576	10,500	28,531	6,715	19,455	
Test Period Expense					18,197	
Adjustment						<u>1,258</u>

Adjustment (13)

Adjust Regulatory Expenses to reflect most recent DHEC drinking water annual bills.

	Melrose Area	Haig Pt.		
Pro Forma Expense	6,731	6,775	13,506	
Test Period Expense			10,861	
Adjustment				<u>2,645</u>

Adjustment (14)

Adjustment to reflect the annual depreciation for pro forma plant in service.

Pro Forma Depreciation Expense	42,120	
Test period Depreciation Expense	36,921	
Adjustment		<u>5,198</u>

Adjustment (15)

Adjustment to reflect the amortization of rate case expense and deferred Property Taxes.

	Cost	Years	Annual	
Bond Costs (Req'd due to Delayed Rate Order)	30,391	3	10,130	
Total rate case cost	397,105	3	132,368	
Property Taxes	263,422	8	32,928	
Annual amortization	less: current amort disallowed		(46,210)	<u>129,216</u>

Adjustment (16)

Adjustment to reflect the revenue taxes on pro forma revenue under present rates.

Revenue	542,475	
Revenue Tax Rate	0.85657%	
	4,647	
Less: Test Year Revenue Tax	3,052	
Adjustment		<u>1,595</u>

Adjustment (17)

Adjustment property Taxes to reflect actual tax bills and rates for updated market values of Land, Building & Contents.

	Market Value	Assessed Value	Effective Tax Rate	Property Tax Amt	
Pro Forma Property Taxes	3,520,560	369,659	0.248790	91,967	
Less: Test Year Property Taxes				2,105	
Adjustment					<u>89,863</u>

Adjustment (18)

Increase the level of payroll taxes to reflect pro forma wages.

Pro forma costs (WP 7.4)	6,866	
Test period costs	6,591	
Adjustment		<u>15</u>

Schedule W-C.1

Daufuskie Island Utility Company, Inc.
Adjustments to Operating Statement (Water)

Adjustment (19)

Adjustment to reflect State and Federal Income Taxes.

Revenue	542,475		
O&M Expense	(467,629)		
Depreciation	(42,120)		
Amortization	(175,426)		
Taxes - Other	(103,221)		
Interest Expense	(99,648)		
State Taxable Income	(345,569)		
State Income Tax Rate		5.000%	
SIT			0
Federal Taxable Income	(345,569)		
Federal Income Tax Rate		34.000%	
FIT			0
Pro Forma Income Tax			0
Test Period Income Tax			0
Adjustment			0

Adjustment (20)

Adjust bad debt expense to reflect rate increase.

Pro forma Bad Debt at Present Rates	54,280		
Rate Increase Percentage	123.0%		
Adjustment			66,765

Adjustment (21)

Adjustment to reflect the revenue taxes on pro forma revenue under proposed rates.

Revenue Requirement	1,210,494		
Revenue Tax Rate	0.85657%		
Revenue Tax at Proposed Rates	10,369		
Revenue Tax at Present Rates	4,647		
Adjustment			5,722

Adjustment (22)

Adjustment to reflect State and Federal Income Taxes.

Revenue Requirement	1,210,494		
O&M Expense	(534,394)		
Depreciation	(42,120)		
Amortization	(175,426)		
Taxes - Other	(108,943)		
Interest Expense	(99,648)		
State Taxable Income	249,964		
State Income Tax Rate		5.000%	
SIT			12,498
Federal Taxable Income	237,466		
Federal Income Tax Rate		34.000%	
FIT			80,738
Pro Forma Income Tax-Proposed Rates			93,236
Pro Forma Income Tax-Present Rates			0
Adjustment			93,236

Schedule W-C.2

Daufuskie Island Utility Company, Inc.
Water and Wastewater Systems
Operating Expenses - Water

	Acct	12 Months Ended 12/31/13 Expense	12 Months Ended 12/31/14 Expense	Adjusted Rate Year Expense
Wages	601	89,584	78,301	88,295
Benefits	603	5,495	4,490	3,100
Officer & Director's Fees	604	2,250	8,250	8,250
Sludge Disposal		0	0	0
Purchased Water		0	0	0
Power	615	36,586	57,581	64,953
Chemicals	618	5,936	4,510	4,510
Supplies & Maintenance	620	9,411	13,849	13,828
Outside Services-Mgmt	634	76,157	78,825	85,682
Outside Services-Engineering	631	3,093	425	425
Outside Services-Accounting	632	2,496	1,381	1,381
Outside Services-Legal	633	5,819	11,589	11,589
Outside Services-Testing	635	45,770	81,578	81,578
Outside Services-Other	636	11,438	31,026	31,026
Other Operating Expenses		0	0	0
Transportation	650	2,715	1,225	1,225
Bad Debt	670	71,457	52,834	54,280
Insurance	657	31,100	18,197	19,455
Regulatory Commission Expense	667	12,839	13,850	13,506
a) Reclass to Revenue Tax	667	(1,995)	(2,989)	
Other A&G Expenses	675	15,344	14,683	14,683
Total O&M Expense		425,494	469,602	497,765
Depreciation	403	29,981	36,921	42,120
Amortization	407	46,210	46,210	175,426
Revenue Taxes	408	63	63	4,647
a) Reclass from Reg. Comm. Exp.	408	1,995	2,989	0
Property Taxes	408	3,985	2,105	91,967
Payroll Taxes	408	3,586	6,591	6,606
State and Federal Income Taxes	409	0	0	0
Total Operating Expenses		511,313	564,482	818,531

Schedule W-C.3

Daufuskie Island Utility Company, Inc.
Water and Wastewater Systems

Depreciation Expense - Water

	<u>Pro Forma UPIS Balance</u>	<u>Depreciation Rate</u>	<u>ORS Pro Forma Utilization</u>	<u>Pro Forma Depreciation Expense</u>
Wells	\$ 794,865	2.000%	47.18%	\$ 7,500
Misc Equipment-Source	9,104	4.000%	47.18%	172
Water Treatment Plant	319,819	2.484%	47.18%	3,749
Distribution Reservoirs	869,379	2.000%	47.18%	8,203
Storage - Other	37,946	8.333%	100.00%	3,162
T&D Plant	75,414	2.548%	47.18%	907
Mains, Hydrts, Serv	1,509,688	2.000%	47.18%	14,245
Meters	26,896	6.667%	47.18%	846
Other Intangible Plant	404	4.000%	100.00%	16
T&D-Structures	81,907	2.725%	100.00%	2,232
General Plant-Structures	22,175	2.725%	100.00%	604
Office Equipmt	13,820	5.000%	100.00%	691
Transportation Equipmt	18,067	16.667%	100.00%	3,011
General Plant-Equipment	5,536	20.000%	100.00%	1,107
CIAC - Tap Fees	(339,500)	2.000%	47.18%	(3,204)
CIAC - Other	(119,000)	2.000%	47.18%	(1,123)
	<u>3,326,519</u>			<u>42,120</u>
Depreciation Expense				\$ 46,446
Amortization of CIAC				(4,326)
Net Depreciation				<u>\$ 42,120</u>

Docket No. 2014-346-WS

Schedule W-D

Daufuskie Island Utility Company, Inc.
Water and Wastewater Systems
Water Capital Structure and Rate of Return

PSC Order	<u>Amount</u>	<u>Ratio</u>	<u>Cost Rate</u>	<u>Weighted Cost</u>
L-T Debt	\$1,733,727	53.8%	5.75%	3.09%
S-T Debt	0	0.0%	0.00%	0.00%
Equity	<u>1,491,117</u>	<u>46.2%</u>	10.50%	<u>4.86%</u>
	<u>\$3,224,844</u>	<u>100.0%</u>		<u>7.95%</u>
ORS Adjusted	<u>Amount</u>	<u>Ratio</u>	<u>Cost Rate</u>	<u>Weighted Cost</u>
L-T Debt	\$811,791	46.0%	5.29%	2.43%
S-T Debt	0	0.0%	0.00%	0.00%
Equity	<u>952,973</u>	<u>54.0%</u>	9.31%	<u>5.03%</u>

Schedule W-E

Daufuskie Island Utility Company, Inc.
Water and Wastewater Systems

Water Billing Analysis at Present Rates
12/31/2014

	Quarterly Bills	Annual Usage (tg)	Billed Usage (tg)	Quarterly Base Chg	Usage Charge	Base Chg Revenue	Usage Revenue	Total Revenue
Residential-DIUC	1,044.0			\$62.09		\$64,822		\$64,822
Total gals		11,552.907	11,553.000		\$2.76		\$31,886	\$31,886
Residential-MUC/BP	447.0			\$80.72		\$36,082		\$36,082
Total gals		6,283.748	2,178.000		\$2.44		\$5,314	\$5,314
	<u>1,491.0</u>	<u>17,836.655</u>	<u>13,731.000</u>			<u>\$100,904</u>	<u>\$37,201</u>	<u>\$138,104</u>
Commercial-DIUC	106.0			\$86.93		\$9,215		\$9,215
Total gals		4,545.880	4,546.000		\$2.76		\$12,547	\$12,547
Commercial-MUC/BP	166.0			\$136.60		\$22,676		\$22,676
Total gals		4,297.362	2,544.703		\$1.95		\$4,962	\$4,962
Multi-Unit-MUC/BP	168.0			\$136.60		\$22,949		\$22,949
Total gals					\$1.95		\$0	\$0
	<u>440.0</u>	<u>8,843.242</u>	<u>7,090.703</u>			<u>\$54,839</u>	<u>\$17,509</u>	<u>\$72,348</u>
Irrigation-DIUC								
0 to 18,000 gals (quarterly)	817.0	8,367.838	8,368.000		\$2.76		\$23,096	\$23,096
18,001 to 60,000 gals		9,829.270	9,829.000		\$3.09		\$30,372	\$30,372
Over 60,000 gals		10,049.342	10,049.000		\$3.50		\$35,172	\$35,172
Irrigation-MUC/BP								
All gallons	184.0	6,356.858	6,356.858		\$1.66		\$10,552	\$10,552
	<u>1,001.0</u>	<u>34,603.308</u>	<u>34,602.858</u>				<u>\$99,191</u>	<u>\$99,191</u>
Total Water Revenues	2,932.0	61,283.205	55,424.561			\$155,743 50.3%	\$153,901 49.7%	\$309,644
Availability Billing-DIUC	2,063.0			\$31.04				\$64,036
Availability Billing-MUC/BP	1,972.0			\$76.38				\$150,621
	<u>4,035.0</u>							<u>\$214,657</u>
Misc. Revenue (Late Chgs)							3.75%	\$20,444
Total Water Operating Revenue								<u>\$544,745</u>
Revenue Per Books								<u>\$543,308</u>
Difference								<u>\$1,436</u> 0.26%

Schedule W-E.1

Daufuskie Island Utility Company, Inc.
Water and Wastewater Systems

Water Billing Analysis at Present Rates
Pro Forma Year-End 12/31/2015

	Quarterly Bills	Annual Usage (tg)	Billed Usage (tg)	Quarterly Base Chg	Usage Charge	Base Chg Revenue	Usage Revenue	Total Revenue
Residential-DIUC	1,061.0			\$62.09		\$65,877		\$65,877
Total gals		11,552.907	11,552.907		\$2.76		\$31,886	\$31,886
Residential-MUC/BP	452.0			\$80.72		\$36,485		\$36,485
Total gals		6,283.748	2,177.808		\$2.44		\$5,314	\$5,314
	1,513.0	17,836.655	13,730.715			\$102,363	\$37,200	\$139,563
Commercial-DIUC	106.0			\$86.93		\$9,215		\$9,215
Total gals		4,545.880	4,545.880		\$2.76		\$12,547	\$12,547
Commercial-MUC/BP	329.0			\$136.60		\$44,941		\$44,941
Total gals		4,297.362	2,544.703		\$2.44		\$6,209	\$6,209
Multi-Unit-MUC/BP	0.0			\$136.60		\$0		\$0
Total gals					\$2.44		\$0	\$0
	435.0	8,843.242	7,090.583			\$54,156	\$18,756	\$72,912
Irrigation-DIUC	727.0							
0 to 18,000 gals (quarterly)		8,367.838	8,367.838		\$2.76		\$23,095	\$23,095
18,001 to 60,000 gals		9,829.270	9,829.270		\$3.09		\$30,372	\$30,372
Over 60,000 gals		10,049.342	10,049.342		\$3.50		\$35,173	\$35,173
Irrigation-MUC/BP	100.0							
0 to 18,000 gals (quarterly)		1,368.330	1,368.330		\$1.66		\$2,271	\$2,271
18,001 to 60,000 gals		2,002.230	2,002.230		\$1.66		\$3,324	\$3,324
Over 60,000 gals		2,986.298	2,986.298		\$1.66		\$4,957	\$4,957
	827.0	34,603.308	34,603.308				\$99,193	\$99,193
Total Water Revenues	2,775.0	61,283.205	55,424.606			\$156,519 50.22%	\$155,148 49.78%	\$311,667
Availability Billing-DIUC	1,917.0			\$31.04				\$59,504
Availability Billing-MUC/BP	1,985.0			\$76.36				\$151,575
	3,902.0							\$211,078
Misc. Revenue (Late Chgs)							3.64%	\$19,729
Total Water Operating Revenue								\$542,475

Daufuskie Island Utility Company, Inc.
Water and Wastewater Systems

Water Billing Analysis at Proposed Rates
Pro Forma Year-End 12/31/2015

	Quarterly Bills	Annual Usage (tg)	Billed Usage (tg)	Quarterly Base Chg	Usage Charge	Base Chg Revenue	Usage Revenue	Total Revenue
Residential-DIUC	1,061.0			\$166.37		\$176,519		\$176,519
Total gals		11,552.907	11,552.907		\$4.77		\$55,107	\$55,107
Residential-MUC/BP	452.0			\$166.37		\$75,199		\$75,199
Total gals		6,283.748	6,284.000		\$4.77		\$29,975	\$29,975
	<u>1,513.0</u>	<u>17,836.655</u>	<u>17,836.907</u>			<u>\$251,718</u>	<u>\$85,082</u>	<u>\$336,800</u>
Commercial-DIUC	106.0			\$232.92		\$24,690		\$24,690
Total gals		4,545.880	4,545.880		\$4.77		\$21,684	\$21,684
Commercial-MUC/BP	329.0			\$232.92		\$76,631		\$76,631
Total gals		4,297.362	4,297.000		\$4.77		\$20,497	\$20,497
Multi-Unit-MUC/BP	0.0			\$232.92		\$0		\$0
Total gals		0.000	0.000		\$4.77		\$0	\$0
	<u>435.0</u>	<u>8,843.242</u>	<u>8,842.880</u>			<u>\$101,320</u>	<u>\$42,181</u>	<u>\$143,501</u>
Irrigation-DIUC	727.0							
0 to 18,000 gals (quarterly)		8,367.838	8,367.838		\$5.24		\$43,847	\$43,847
18,001 to 60,000 gals		9,829.270	9,829.270		\$6.20		\$60,941	\$60,941
Over 60,000 gals		10,049.342	10,049.342		\$7.15		\$71,853	\$71,853
Irrigation-MUC	100.0							
0 to 18,000 gals (quarterly)		1,368.330	1,368.330		\$5.24		\$7,170	\$7,170
18,001 to 60,000 gals		2,002.230	2,002.230		\$6.20		\$12,414	\$12,414
Over 60,000 gals		2,986.298	2,986.298		\$7.15		\$21,352	\$21,352
	<u>827.0</u>	<u>34,603.308</u>	<u>34,603.308</u>				<u>\$217,578</u>	<u>\$217,578</u>
Total Water Revenues	2,775.0	61,283.205	61,283.095			\$353,038	\$344,840	\$697,878
						29.16%	28.48%	
Availability Billing-DIUC	1,917.0			\$119.79				\$229,637
Availability Billing-MUC/BP	1,985.0			\$119.79				\$237,783
	<u>3,902.0</u>							<u>\$467,421</u>
Misc. Revenue (Late Chgs)							3.75%	\$45,438
Total Water Operating Revenue								<u>\$1,210,737</u>

Docket No. 2014-346-WS

Daufuskie Island Utility Company, Inc.**Revenue Requirement**

		<u>Company Application</u>	<u>ORS Adjusted</u>	<u>PSC Order Water</u>
Equity Return		\$202,612	\$88,768	\$156,727
Gross Revenue Tax	0.85657%	2,054	1,223	2,160
Effective Income Tax Rate	37.3000%	120,533	52,808	93,237
Equity Grossed-Up	37.8371%	325,199	142,798	252,124
O&M Expenses		479,779	473,329	534,394
Depreciation		41,938	30,538	42,120
Amortization		103,038	25,056	175,426
Property Taxes		91,967	70,441	91,967
Payroll Taxes		6,866	6,606	6,606
Interest Expense		83,602	42,884	99,648
		807,190	648,854	950,161
Gross Revenue Tax		5,130	5,606	8,209
		812,320	654,460	958,370
Revenue Requirement		<u>\$1,137,519</u>	<u>\$797,259</u>	<u>\$1,210,494</u>
Revenue @ Present Rates		547,077	542,472	542,475
Percentage Increase		107.9%	47.0%	123.1%

Daufuskie Island Utility Company, Inc.

Rate Design - Water System

Metered Sales

	PRESENT Quarterly Rates	Factor	PROPOSED Quarterly Rates	Percentage Change
Base Service:				
Residential-DIUC	\$ 62.09	1.00	\$ 166.37	167.9%
Residential-MUC/BP	\$ 80.72	1.30	\$ 166.37	106.1%
Commercial-DIUC	\$ 86.93	1.40	\$ 232.92	167.9%
Commercial-MUC/BP	\$ 136.60	2.20	\$ 232.92	70.5%
Multi-Family-MUC/BP	\$ 136.60	2.20	\$ 232.92	70.5%
Availability Billing-DIUC	\$ 31.04	0.50	\$ 119.79	285.9%
Availability Billing-MUC/BP	\$ 76.36	1.23	\$ 119.79	56.9%

Usage:

Residential-DIUC	\$ 2.76	1.00	\$ 4.77	72.8%
Residential-MUC/BP	\$ 2.44	0.88	\$ 4.77	95.5%
Commercial-DIUC	\$ 2.76	1.00	\$ 4.77	72.8%
Commercial-MUC/BP	\$ 2.44	0.88	\$ 4.77	95.5%
Multi-Family-MUC/BP	\$ 2.44	0.88	\$ 4.77	95.5%

TPL Treatment Plant-DIUC

0 to 18,000 gals (quarterly)	\$ -	0.00	\$ -	0.0%
18,001 to 60,000 gals	\$ -	0.00	\$ -	0.0%
Over 60,000 gals	\$ -	0.00	\$ -	0.0%

Irrigation-DIUC

0 to 18,000 gals (quarterly)	\$ 2.76	1.00	\$ 5.24	89.9%
18,001 to 60,000 gals	\$ 3.09	1.12	\$ 6.20	100.6%
Over 60,000 gals	\$ 3.50	1.27	\$ 7.15	104.3%

Irrigation-MUC

0 to 18,000 gals (quarterly)	\$ 1.66	0.60	\$ 5.24	215.7%
18,001 to 60,000 gals	\$ 1.66	0.60	\$ 6.20	273.5%
Over 60,000 gals	\$ 1.66	0.60	\$ 7.15	330.7%

Pro Forma Existing Rates:

Service Charge Revenue	\$ 156,518.91	28.85%	67.76%	Base
Metered Usage Revenue	55,955.58	10.31%	28.60%	Usage
Irrigation Revenue	99,192.76	18.29%		
Availability Revenue	211,078.28	38.91%		
Subtotal	\$ 522,745.53			
Late Charge Revenue	19,729.00	3.64%	3.64%	
Total Revenue	\$ 542,474.53		100.00%	

Pro Forma Revenue Requirement:

		(Sch E.2 Results)	% Increase
Service Charge Revenue	\$ 349,261.02	\$ 353,038.01	125.6%
Metered Usage Revenue	124,860.97	127,262.58	127.4%
Irrigation Revenue	221,341.72	217,577.65	119.3%
Availability Revenue	471,006.45	467,420.58	121.4%
Subtotal	\$ 1,166,470.16	\$ 1,165,298.82	
Late Charge Revenue	44,023.89	45,438.25	130.3%
Total Revenue	\$ 1,210,494.04	\$ 1,210,737.07	123.2%

Service Charge Rates

	Quarterly Bills	Factor	Factored Bills	Proposed Rate
Residential-DIUC	1,061	1.00	1,061.0	\$ 166.37
Residential-MUC/BP	452	1.00	452.0	\$ 166.37
Commercial-DIUC	106	1.40	148.4	\$ 232.92
Commercial-MUC/BP	329	1.40	460.6	\$ 232.92
Multi-Family-MUC/BP	0	1.40	0.0	\$ 232.92
Availability Billing-DIUC	1,917	0.72	1,380.2	\$ 119.79
Availability Billing-MUC/BP	1,985	0.72	1,429.2	\$ 119.79
	5,850		4,931.4	

Usage Rates

	TG	Factor	Factored Bills	Proposed Rate
Residential-DIUC	11,552.9	1.00	11,552.9	\$ 4.77
Residential-MUC/BP	6,284.0	1.00	6,284.0	\$ 4.77
Commercial-DIUC	4,545.9	1.00	4,545.9	\$ 4.77
Commercial-MUC/BP	4,297.0	1.00	4,297.0	\$ 4.77
Multi-Family-MUC/BP	-	1.00	0.0	
0 to 18,000 gals (quarterly)	9,736.2	1.10	10,709.8	\$ 5.24
18,001 to 60,000 gals	11,831.5	1.30	15,381.0	\$ 6.20
Over 60,000 gals	13,035.6	1.50	19,553.4	\$ 7.15
	61,283.1		72,324.0	
			\$ 346,202.68	
			\$ 4.77	

Docket No. 2014-346-WS

Schedule S-B

**Daufuskie Island Utility Company, Inc.
Water and Wastewater Systems**

Sewer Rate Base Calculation

	PSC Order				
	Company's Application	ORS Adjusted	Adjusted Test Year	Pro Forma Adjustment	Pro Forma 12/31/2015
Plant in Service	\$4,189,304	\$3,793,675	\$4,077,571	\$111,733	\$4,189,304
Accumulated Depreciation	(348,458)	(467,545)	(404,688)	56,230	(348,458)
CWIP	0	0	225,342	(225,342)	0
Contributions in Aid of Construction	(213,545)	(201,795)	(201,795)	0	(201,795)
Accum. Amortization of CIAC	18,589	17,863	17,863	1,573	19,436
Net Plant	3,645,890	3,142,198	3,714,294	(55,806)	3,658,488
Working Capital (1/5th O&M)	77,431	74,204	75,842	16,067	91,909
Unamortized Balances	83,650	0	0	0	0
Rate Base	<u>\$3,806,971</u>	<u>\$3,216,402</u>	<u>\$3,790,136</u>	<u>(\$39,739)</u>	<u>\$3,750,397</u>

Schedule S-B.1

Daufuskie Island Utility Company, Inc.
Water and Wastewater Systems
Adjustments to Pro Forma Sewer System Rate Base

1	Adjustments to Utility Plant in Service.			
a)	General Plant-Structures (Lagoon)	\$	225,342	
	Retire Prior Lagoon Pond		(113,609)	
	Adjustment			<u>\$ 111,733</u>
2	Adjust accumulated depreciation to reflect pro forma annual depreciation.			
a)	Annual Depreciation (Schedule C-3)	\$	-	
	Retire Prior Lagoon Pond	\$	-	
	Adjustment			<u>\$ -</u>
3	Reclass Construction Work in Progress to Plant in Service.			
	Adjustment			<u>\$ (225,342)</u>
4	Adjust CIAC for Tap Fees related to pro forma customer growth.			
	Adjustment			<u>\$ -</u>
5	Adjust accumulated amortization of CIAC to reflect pro forma annual amortization.			
a)	Annual Amortization (Schedule C-3)	\$	(1,573)	
	Adjustment			<u>\$ 1,573</u>
e)	Adjust working capital allowance for changes to O&M expenses.			
	Expense Adjustment	\$	80,334	
	Working Capital Allowance (Qtrly Billing)		20%	
	Adjustment			<u>\$ 16,067</u>
f)	Adjustment to reflect the average unamortized balance of rate case expense and deferred property taxes.			
	Rate Case Costs	\$	-	
	Amortization Period (yrs)		3	
	Average Unamortized Balance		-	
	Adjustment			<u>\$ -</u>

**Daufuskie Island Utility Company, Inc.
Water and Wastewater Systems**

Sewer Utility Plant in Service

	UPIS		Plant Reductions			Adjusted
	Acct	12/31/2014	Prior	GA Cap Mgmt	Additions	Test Year
Organizational Costs	351	\$ 73,597	\$ -			\$ 73,597
Land	353	63,710	-			63,710
Collection Mains	361	2,118,279	-			2,118,279
Flow Measuring Device	367				1,956	1,956
WW Pumping Plant	371	158,189	-	-	2,549	160,738
WW Treatment & Disposal Plant	380	259,462	-	-	4,411	263,873
T&D-Aeration Motors	380A	31,832		-		31,832
Plant Sewers	381	818,187				818,187
Outfall Sewer Lines	382	66,704				66,704
Power Generation Equip	355	4,632		-	3,308	7,940
Other Intangible Plant	398	204				204
General Plant-Structures	354	437,859		-		437,859
Office Equipment	390	14,117	-	-		14,117
Transportation Equipmt	391	5,103				5,103
General Plant-Tools & Equip	393	13,472	-	-		13,472
Total Sewer Plant		<u>\$ 4,065,347</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,224</u>	<u>\$ 4,077,571</u>

Schedule S-B.2

Pro Forma Adjustment	Pro Forma 12/31/2015
\$ -	\$ 73,597
-	63,710
-	2,118,279
-	1,956
-	160,738
(113,609)	150,264
-	31,832
-	818,187
-	66,704
-	7,940
-	204
225,342	663,201
-	14,117
-	5,103
-	13,472
<u>\$ 111,733</u>	<u>\$ 4,189,304</u>

**Daufuskie Island Utility Company, Inc.
Water and Wastewater Systems**

Sewer Accumulated Depreciation

	UPIS Acct	12/31/2014	Additions	Adjusted Test Year	Pro Forma Adjustment	Pro Forma 12/31/2015
Collection Mains	361	\$ 251,560	\$ -	\$ 251,560	\$ 16,513	\$ 268,073
Flow Measuring Device	367			-	46	46
WW Pumping Plant	371	7,029		7,029	2,426	9,455
WW Treatment & Disposal Plant	380	21,103	(2,386)	18,717	(109,899)	(91,181)
T&D-Aeration Motors	380A	2,274		2,274	4,547	6,821
Plant Sewers	381	105,306		105,306	7,210	112,516
Outfall Sewer Lines	382	8,997		8,997	473	9,470
Power Generation Equip	355	34		34	122	157
Other Intangible Plant	398	4		4	8	12
General Plant-Structures	354	3,835		3,835	18,071	21,906
Office Equipment	390	791		791	706	1,497
Transportation Equipmt	391	2,224		2,224	850	3,075
General Plant-Tools & Equip	393	3,918		3,918	2,694	6,612
		<u>\$407,074</u>	<u>-\$2,386</u>	<u>\$404,688</u>	<u>-\$56,230</u>	<u>\$348,458</u>
Total Sewer Plant		<u>\$407,074</u>	<u>-\$2,386</u>	<u>\$404,688</u>	<u>-\$56,230</u>	<u>\$348,458</u>

Schedule S-B.4

**Daufuskie Island Utility Company, Inc.
Water and Wastewater Systems**

Sewer CIAC and Accumulated Amortization

	<u>12/31/2014</u>	<u>Additions</u>	<u>Adjusted Test Year</u>	<u>Pro Forma Adjustment</u>	<u>Pro Forma 12/31/2015</u>
CIAC - Tap Fees	\$ 201,795	\$ -	\$ 201,795	\$ -	\$ 201,795
CIAC - Other	-	-		-	-
Water - CIAC	<u>\$ 201,795</u>	<u>\$ -</u>	<u>\$ 201,795</u>	<u>\$ -</u>	<u>\$ 201,795</u>
Accum. Amortization - Tap Fees	\$ 17,689	\$ 174	\$ 17,863	\$ 1,573	\$ 19,436
Accum. Amortization - Other	-	-		-	-
Water - CIAC Amortization	<u>\$ 17,689</u>	<u>\$ 174</u>	<u>\$ 17,863</u>	<u>\$ 1,573</u>	<u>\$ 19,436</u>

Daufuskie Island Utility Company, Inc.
Water and Wastewater Systems

Sewer Operating Statement

	Company's Application	ORS Adjusted	PSC Order		
			Pro Forma Present Rates	Adjustments	Pro Forma Proposed Rates
Operating Revenue:					
Residential	\$180,814	\$172,590	\$172,590	\$238,481 (1b)	\$411,071
Commercial	75,576	73,365	73,365	94,566 (1d)	167,931
Irrigation	0	0	0	0	0
Availability Billing	272,171	274,682	274,683	334,731 (1f)	609,414
Misc. Other Revenue	9,783	10,468	10,468	13,427 (1h)	23,895
Interdepartmental Sales	0	0	0	0	0
Billing Adj (Remove Tap Fees)	0	0	0	0	0
Total Revenues	538,344	531,105	531,107	681,205	1,212,312
Operating Expense:					
Wages	82,376	88,296	88,296		88,296
Benefits	5,343	3,100	3,100		3,100
Officer & Director's Fees	8,250	8,250	8,250		8,250
Sludge Disposal	0	0	0		0
Power	83,623	65,228	65,228		65,228
Chemicals	4,770	4,510	4,510		4,510
Supplies & Maintenance	13,999	13,288	13,288		13,288
Outside Services-Mgmt	85,682	66,106	85,682		85,682
Outside Services-Engineering	5,443	9,712	9,712		9,712
Outside Services-Accounting	1,381	1,381	1,381		1,381
Outside Services-Legal	11,589	11,589	11,589		11,589
Outside Services-Testing	10,711	10,711	10,711		10,711
Outside Services-Other	7,596	7,596	7,596		7,596
Other Operating Expenses	0	0	0		0
Transportation	1,378	1,225	1,225		1,225
Bad Debt	8,086	54,069	54,069	67,468 (20)	121,536
Insurance	24,161	19,456	19,456		19,456
Regulatory Commission Expense	2,130	2,130	2,130		2,130
Other A&G Expenses	21,753	21,753	21,753		21,753
Accepted ORS Adjustment	0	(15,897)	(15,897)		(15,897)
Total O&M Expense	378,271	372,501	392,078	67,468	459,546
Depreciation	53,328	40,532	53,420		53,420
Amortization	103,038	25,056	175,426		175,426
Revenue Taxes	3,400	4,549	4,549	5,835 (21)	10,384
Property Taxes	100,334	70,440	100,334		100,334
Payroll Taxes	6,866	6,606	6,606		6,606
State and Federal Income Taxes	0	0	0	108,431 (22)	108,431
Total Operating Expenses	645,237	519,685	732,413		914,148
Net Operating Income	(\$106,893)	\$11,420	(\$201,307)		\$298,164
Rate Base	\$3,806,971	\$3,216,402	\$3,750,397		\$3,750,397
Rate of Return	-2.81%	0.36%	-5.37%		7.95%
				Revenue Increase	128.3%

Schedule S-C.1

Daufuskie Island Utility Company, Inc.
Adjustments to Operating Statement (Sewer)

Adjustment (1)

a) Adjust residential revenue to reflect the pro forma number of customers at present rates.				
	Residential Revenue Per Schedule E.1		172,590	
	Less: Residential Revenue Per Books (Test Year)		170,724	
				<u>1,867</u>
b) Adjust residential revenue to reflect the pro forma number of customers at proposed rates.				
	Residential Revenue Per Schedule E.2		411,071	
	Less: Residential Revenue Per Schedule E.1		172,590	
				<u>238,481</u>
c) Adjust commercial revenue to reflect the pro forma number of customers at present rates.				
	Commercial Revenue Per Schedule E.1		73,365	
	Less: Commercial Revenue Per Books (Test Year)		74,396	
				<u>(1,030)</u>
d) Adjust commercial revenue to reflect the pro forma number of customers at proposed rates.				
	Commercial Revenue Per Schedule E.2		167,931	
	Less: Commercial Revenue Per Schedule E.1		73,365	
				<u>94,566</u>
e) Adjust availability revenue to reflect the pro forma number of customers at present rates.				
	Availability Revenue Per Schedule E.1		274,683	
	Less: Availability Revenue - Test Year		281,635	
	Adjustment			<u>(6,952)</u>
f) Adjust availability revenue to reflect the pro forma number of customers at proposed rates.				
	Availability Revenue Per Schedule E.2		609,414	
	Less: Availability Revenue Per Schedule E.1		274,683	
	Adjustment			<u>334,731</u>
g) Adjust miscellaneous revenues to reflect percentage of pro forma total revenue at present rates relative to test year total revenue.				
		Total Rev.	Misc. Rev.	
	Misc Revenue Per Schedule E.1	531,107	1.97%	10,468
	Less: Misc Revenue - Test Year	536,503	1.82%	9,749
	Adjustment			<u>719</u>
h) Adjust miscellaneous revenues to reflect percentage of pro forma total revenue at proposed rates relative to pro forma total revenue at present rates.				
		Total Rev.	Misc. Rev.	
	Misc Revenue Per Schedule E.2	1,212,312	1.97%	23,895
	Less: Misc Revenue Per Schedule E.1	531,107	1.97%	10,468
	Adjustment			<u>13,427</u>

Adjustment (2)

Increase the previous level of wages for 4 full-time shared employees to reflect the wages of 4 full-time 1 part-time shared employee (an effort to reduce OT) including a 3% wage increase for the full-time employees.

Pro forma costs (WP 7.4)	88,296	
Less: Test period costs	78,301	
Adjustment		<u>9,994</u>

Adjustment (3)

Adjust employee insurance benefits to reflect current premiums.

Pro forma costs (WP 7.4)	3,100	
Less: Test period costs	4,490	
Adjustment		<u>(1,390)</u>

Schedule S-C.1

Daufuskie Island Utility Company, Inc.
Adjustments to Operating Statement (Sewer)

Adjustment (4)

Adjust Directors' Fees to reflect annual Officer's fees of \$12,000 and Directors' fees of \$4,500 split between water and sewer operations.

Pro forma costs	8,250	
Less: Test period costs	8,250	
Adjustment		<u>0</u>

Adjustment (5)

Adjust pro forma bills to reflect corrected 2nd and 3rd quarter SCE&G bills and increase the level of power costs for increased system demand.

	Test Period	Factor	Pro Forma	
July-YE Power	39,527			
Annualized SCE&G Corrected Bills	65,228	1.000	65,228	
less: Test Year			57,856	
Adjustment				<u>7,372</u>

Adjustment (6)

Increase the level of chemical costs for increased system demand.

	Test Period	Factor	Pro Forma	
Test period costs	4,510	1.000	4,510	
Adjustment				<u>0</u>

Adjustment (7)

Increase the level of operating supply costs for increased number of customers.

Test period costs	13,288	
Factor for increase in customers	1.000	
	<u>13,288</u>	
Adjustment		<u>0</u>

Adjustment (8)

Adjust Outside Services-Management to reflect contractual annual increases.

Test period costs	78,825	
Factor for increase in customers	1.050	
	<u>82,785</u>	
Annual Increase	3.5%	
	<u>85,682</u>	
Adjustment		<u>6,857</u>

Adjustment (9)

Adjust Outside Services-Engineering to reflect 2010-2013 average cost to normalize expense.

	2011	2012	2013	2014	Average	
Annual Cost	2,350	6,617	3,093	9,712	9,712	
Less: Test period costs					9,712	
Adjustment						<u>0</u>

Adjustment (10)

Adjust transportation costs relative to the number of employees.

	Test Period	Factor	Pro Forma	
Transportation	1,225	1.000	1,225	
Adjustment				<u>0</u>

Adjustment (11)

Adjust bad debt expense to reflect revenue write-off percentages established in prior case applied to pro forma revenue under present rates.

Metered Sales-Bad debt at .5% of revenues	245,955	0.5%	1,230	
Availability Sales-Bad Debt at 2.5% of revenue	274,683	2.5%	6,867	
			<u>52,586</u>	
Test period costs			52,834	
Adjustment				<u>1,235</u>

Adjustment (12)

Adjustment to record general liability insurance to reflect recent premiums.

	Vehicle	Op Bond	General	Flood	Sewer Syst.	
Pro Forma Expense	2,576	10,500	28,531	6,715	19,456	
Test Period Expense					12,008	
Adjustment						<u>7,448</u>

Schedule S-C.1

Daufuskie Island Utility Company, Inc.
Adjustments to Operating Statement (Sewer)

Adjustment (13)

Adjust Regulatory Expenses to reflect most recent DHEC land application permits.

	Golf Course	WWTP		
Pro Forma Expense	800	1,330	2,130	
Test Period Expense			4,884	
Adjustment				<u>(2,754)</u>

Adjustment (14)

Adjustment to reflect the annual depreciation for pro forma plant in service.

Pro Forma Depreciation Expense	53,420	
Test period Depreciation Expnse	36,151	
Adjustment		<u>17,269</u>

Adjustment (15)

Adjustment to reflect the amortization of rate case expense and deferred Property Taxes.

	Cost	Years	Annual	
Bond Costs (Req'd due to Delayed Rate Order)	30,391	3	10,130	
Total rate case cost	397,105	3	132,368	
Property Taxes	263,422	8	32,928	
Annual amortization			(46,210)	<u>129,216</u>

Adjustment (16)

Adjustment to reflect the revenue taxes on pro forma revenue under present rates.

Revenue	531,107	
Revenue Tax Rate	0.85657%	
	4,549	
Less: Test Year Revenue Tax	2,996	
Adjustment		<u>1,553</u>

Adjustment (17)

Adjustment property Taxes to reflect actual tax bills and rates for updated market values of Land, Building & Contents.

	Market Value	Assessed Value	Effective Tax Rate	Property Tax Amt	
Pro Forma Property Taxes	3,840,846	403,289	0.24879	100,334	
Less: Test Year Property Taxes				2,105	
Adjustment					<u>98,230</u>

Adjustment (18)

Increase the level of payroll taxes to reflect pro forma wages.

Pro forma costs (WP 7.4)	6,606	
Test period costs	6,591	
Adjustment		<u>15</u>

Adjustment (19)

Adjustment to reflect State and Federal Income Taxes.

Revenue	531,107		
O&M Expense	(392,078)		
Depreciation	(53,420)		
Amortization	(175,426)		
Taxes - Other	(111,490)		
Interest Expense	(115,887)		
State Taxable Income	(317,194)		
State Income Tax Rate		5.000%	
SIT			0
Federal Taxable Income	(317,194)		
Federal Income Tax Rate		34.000%	
FIT			0
Pro Forma Income Tax			0
Test Period Income Tax			0
Adjustment			<u>0</u>

Schedule S-C.1

Daufuskie Island Utility Company, Inc.
Adjustments to Operating Statement (Sewer)

Adjustment (20)

Adjust bad debt expense to reflect rate increase.

Pro forma Bad Debt at Present Rates	52,586	
Rate Increase Percentage	128.3%	
Adjustment		<u>67,468</u>

Adjustment (21)

Adjustment to reflect the revenue taxes on pro forma revenue under proposed rates.

Revenue Requirement	1,212,304	
Revenue Tax Rate	0.8566%	0.85657%
Revenue Tax at Proposed Rates		<u>10,384</u>
Revenue Tax at Present Rates		<u>4,549</u>
Adjustment		<u>5,835</u>

Adjustment (22)

Adjustment to reflect State and Federal Income Taxes.

Revenue	1,212,304		
O&M Expense	(459,546)		
Depreciation	(53,420)		
Amortization	(175,426)		
Taxes - Other	(117,325)		
Interest Expense	<u>(115,887)</u>		
State Taxable Income	290,701		
State Income Tax Rate		5.000%	
SIT			14,535
Federal Taxable Income	<u>276,166</u>		
Federal Income Tax Rate		34.000%	
FIT			<u>93,896</u>
Pro Forma Income Tax-Proposed Rates			<u>108,431</u>
Pro Forma Income Tax-Present Rates			<u>0</u>
Adjustment			<u>108,431</u>

Schedule S-C.2

Daufuskie Island Utility Company, Inc.
Water and Wastewater Systems
Operating Expenses - Sewer

	Acct	12 Months Ended 12/31/13 Expense	12 Months Ended 12/31/14 Expense	Adjusted Rate Year Expense
Wages	701	49,297	78,301	88,296
Benefits	703	5,495	4,490	3,100
Officer & Director's Fees	704	2,250	8,250	8,250
Sludge Disposal		0	0	0
Power	715	36,833	57,856	65,228
Chemicals	718	5,936	4,510	4,510
Supplies & Maintenance	720	8,185	13,288	13,288
Outside Services-Mgmt	734	76,157	78,825	85,682
Outside Services-Engineering	731	3,093	9,712	9,712
Outside Services-Accounting	732	1,999	1,381	1,381
Outside Services-Legal	733	5,819	11,589	11,589
Outside Services-Testing	735	16,949	10,711	10,711
Outside Services-Other	736	11,426	7,596	7,596
Other Operating Expenses		0	0	0
Transportation	750	2,714	1,225	1,225
Bad Debt	770	69,756	52,834	54,069
Insurance	757	18,952	12,008	19,456
Regulatory Commission Expense	767	12,572	7,818	2,130
a) Reclass to Revenue Tax	767	(1,889)	(2,934)	
Other A&G Expenses	775	11,339	21,753	21,753
Total O&M Expense		336,882	379,211	407,975
Depreciation	403	28,770	36,151	53,420
Amortization	407	46,210	46,210	175,426
Revenue Taxes	408	63	63	4,549
a) Reclass from Reg. Comm. Exp.	408	1,889	2,934	
Property Taxes	408	3,985	2,105	100,334
Payroll Taxes	408	7,345	6,591	6,606
State and Federal Income Taxes	409	0	0	0
Total Operating Expenses		425,143	473,265	748,310

Schedule S-C.3

**Daufuskie Island Utility Company, Inc.
Water and Wastewater Systems**

Depreciation Expense - Sewer

	<u>Pro Forma UPIS Balance</u>	<u>Depreciation Rate</u>	<u>ORS Pro Forma Utilization</u>	<u>Pro Forma Depreciation Expense</u>
Collection Mains	\$ 2,118,279	2.198%	35.47%	\$ 16,513
Flow Measuring Device	1,956	6.667%	35.47%	46
WW Pumping Plant	160,738	4.255%	35.47%	2,426
WW Treatment & Disposal Plant	150,264	2.484%	35.47%	1,324
T&D-Aeration Motors	31,832	14.286%	100.00%	4,547
Plant Sewers	818,187	2.484%	35.47%	7,210
Outfall Sewer Lines	66,704	2.000%	35.47%	473
Power Generation Equip	7,940	4.348%	35.47%	122
Other Intangible Plant	204	4.000%	100.00%	8
T&D-Structures	641,026	2.725%	100.00%	17,467
General Plant-Structures	22,175	2.725%	100.00%	604
Office Equipment	14,117	5.000%	100.00%	706
Transportation Equipmt	5,103	16.667%	100.00%	850
General Plant-Tools & Equip	13,472	20.000%	100.00%	2,694
CIAC - Tap Fees	(201,795)	2.198%	35.47%	(1,573)
CIAC - Other	-	2.000%	35.47%	-
	<u>3,850,202</u>			<u>53,420</u>
Depreciation Expense				\$ 54,993
Amortization of CIAC				(1,573)
Net Depreciation				<u>\$ 53,420</u>

Docket No. 2014-346-WS

Schedule S-D

Daufuskie Island Utility Company, Inc.
Water and Wastewater Systems
Sewer Capital Structure and Rate of Return

PSC Order	<u>Amount</u>	<u>Ratio</u>	<u>Cost Rate</u>	<u>Weighted Cost</u>
L-T Debt	\$2,016,273	53.8%	5.75%	3.09%
S-T Debt	0	0.0%	0.00%	0.00%
Equity	1,734,124	46.2%	10.50%	4.86%
	<u>\$3,750,397</u>	<u>100.0%</u>		<u>7.95%</u>
 ORS Adjusted	 <u>Amount</u>	 <u>Ratio</u>	 <u>Cost Rate</u>	 <u>Weighted Cost</u>
L-T Debt	\$1,479,545	46.0%	5.29%	2.43%
S-T Debt	0	0.0%	0.00%	0.00%

Schedule S-E

**Daufuskie Island Utility Company, Inc.
Water and Wastewater Systems**

**Sewer Billing Analysis at Present Rates
12/31/2014**

	Quarterly Bills	Annual Usage (tg)	Billed Usage (tg)	Quarterly Base Chg	Usage Charge	Base Chg Revenue	Usage Revenue	Total Revenue
Residential-DIUC	1,044.0			\$110.38		\$115,237		\$115,237
Total gals		11,552.907	11,553.000		\$1.32		\$15,250	\$15,250
Residential-MUC/BP	443.0			\$80.72		\$35,759		\$35,759
Total gals		6,222.398	2,296.390		\$1.95		\$4,478	\$4,478
	<u>1,487.0</u>	<u>17,775.305</u>	<u>13,849.390</u>			<u>\$150,996</u>	<u>\$19,728</u>	<u>\$170,724</u>
Commercial-DIUC	102.0			\$178.21		\$18,177		\$18,177
Total gals		4,495.220	4,495.000		\$1.32		\$5,933	\$5,933
Commercial-MUC/BP	166.0			\$136.60		\$22,676		\$22,676
Total gals		3,996.052	2,389.990		\$1.95		\$4,660	\$4,660
Multi-Unit-MUC/BP	168.0			\$136.60		\$22,949		\$22,949
Total gals					\$1.95		\$0	\$0
	<u>436.0</u>	<u>8,491.272</u>	<u>6,884.990</u>			<u>\$63,802</u>	<u>\$10,594</u>	<u>\$74,396</u>
Total Sewer Revenues	1,923.0	26,266.577	20,734.379			\$214,798 87.6%	\$30,322 12.4%	\$245,119
Availability Billing-DIUC	2,063.0			\$55.19				\$113,857
Availability Billing-MUC/BP	<u>1,972.0</u>			<u>\$85.08</u>				<u>\$167,778</u>
	4,035.0							\$281,635
Misc. Revenue (Late Chgs)							1.82%	\$9,749
Interdepartmental Revenue								\$0
Total Sewer Operating Revenue								<u>\$536,503</u>
Revenue Per Books								<u>\$533,155</u>
Difference								\$3,349

Schedule S-E.1

**Daufuskie Island Utility Company, Inc.
Water and Wastewater Systems**

**Sewer Billing Analysis at Present Rates
Pro Forma Year-End 12/31/2015**

	Quarterly Bills	Annual Usage (tg)	Billed Usage (tg)	Quarterly Base Chg	Usage Charge	Base Chg Revenue	Usage Revenue	Total Revenue
Residential-DIUC	1,061.0			\$110.38		\$117,113		\$117,113
Total gals		11,552.907	11,552.907		\$1.32		\$15,250	\$15,250
Residential-MUC/BP	448.0			\$80.72		\$36,163		\$36,163
Total gals		6,222.398	2,296.390		\$1.77		\$4,065	\$4,065
	1,509.0	17,775.305	13,849.297			\$153,276	\$19,314	\$172,590
Commercial-DIUC	102.0			\$178.21		\$18,177		\$18,177
Total gals		4,495.220	4,495.220		\$1.32		\$5,934	\$5,934
Commercial-MUC/BP	329.0			\$136.60		\$44,941		\$44,941
Total gals		3,996.052	2,436.565		\$1.77		\$4,313	\$4,313
Multi-Unit-MUC/BP				\$136.60		\$0		\$0
Total gals					\$1.77	\$0	\$0	\$0
	431.0	8,491.272	6,931.785			\$63,119	\$10,246	\$73,365
Total Sewer Revenues	1,940.0	26,266.577	20,781.082			\$216,395	\$29,561	\$245,955
						88.0%	12.0%	
Availability Billing-DIUC	1,917.0			\$55.19				\$105,799
Availability Billing-MUC/BP	1,985.0			\$85.08				\$168,884
	3,902.0							\$274,683
Misc. Revenue (Late Chgs)							1.97%	\$10,468
Interdepartmental Revenue								\$0
Total Sewer Operating Revenue								\$531,107

**Daufuskie Island Utility Company, Inc.
Water and Wastewater Systems**

**Sewer Billing Analysis at Proposed Rates
Pro Forma Year-End 12/31/2015**

	Quarterly Bills	Annual Usage (tg)	Billed Usage (tg)	Quarterly Base Chg	Usage Charge	Base Chg Revenue	Usage Revenue	Total Revenue
Residential-DIUC	1,061.0			\$242.14		\$256,911		\$256,911
Total gals		11,552.907	11,552.907		\$2.57		\$29,691	\$29,691
Residential-MUC/BP	448.0			\$242.14		\$108,479		\$108,479
Total gals		<u>6,222.398</u>	<u>6,222.000</u>		\$2.57		<u>\$15,991</u>	<u>\$15,991</u>
	<u>1,509.0</u>	<u>17,775.305</u>	<u>17,774.907</u>			<u>\$365,389</u>	<u>\$45,682</u>	<u>\$411,071</u>
Commercial-DIUC	102.0			\$339.00		\$34,578		\$34,578
Total gals		4,495.220	4,495.220		\$2.57		\$11,553	\$11,553
Commercial-MUC/BP	329.0			\$339.00		\$111,531		\$111,531
Total gals		3,996.052	3,996.000		\$2.57		\$10,270	\$10,270
Multi-Unit-MUC/BP	0.0			\$339.00		\$0		\$0
Total gals		<u>0.000</u>	<u>0.000</u>		\$2.57		<u>\$0</u>	<u>\$0</u>
	<u>431.0</u>	<u>8,491.272</u>	<u>8,491.220</u>			<u>\$146,109</u>	<u>\$21,822</u>	<u>\$167,931</u>
Total Sewer Revenues	1,940.0	26,266.577	26,266.127			\$511,498	\$67,504	\$579,002
						88.34%	11.66%	
Availability Billing-DIUC	1,917.0			\$156.18				\$299,397
Availability Billing-MUC/BP	<u>1,985.0</u>			<u>\$156.18</u>				<u>\$310,017</u>
	<u>3,902.0</u>							<u>\$609,414</u>
Misc. Revenue (Late Chgs)							1.97%	\$23,895
Interdepartmental Revenue								\$0
Total Sewer Operating Revenue								<u><u>\$1,212,312</u></u>

Daufuskie Island Utility Company, Inc.**Revenue Requirement**

		<u>Company Application</u>	<u>ORS Adjusted</u>	<u>PSC Order Water</u>
Equity Return		\$235,271	\$161,785	\$182,269
Gross Revenue Tax	0.85657%	2,385	2,229	2,512
Effective Income Tax Rate	37.3000%	139,962	96,245	108,431
Equity Grossed-Up	37.8371%	377,618	260,260	293,212
O&M Expenses		387,157	409,380	459,546
Depreciation		53,328	40,532	53,420
Amortization		103,038	25,056	175,426
Property Taxes		100,334	70,440	100,334
Payroll Taxes		6,866	6,606	6,606
Interest Expense		97,078	78,159	115,887
		<u>747,801</u>	<u>630,173</u>	<u>911,219</u>
Gross Revenue Tax		4,752	5,445	7,873
		<u>752,553</u>	<u>635,618</u>	<u>919,092</u>
Revenue Requirement		<u>\$1,130,171</u>	<u>\$895,877</u>	<u>\$1,212,304</u>
Revenue @ Present Rates		538,343	531,105	531,107
Percentage Increase		109.9%	68.7%	128.3%

Schedule S-F.2

Daufuskie Island Utility Company, Inc.

Rate Design - Sewer System

Metered Sales

	PRESENT Quarterly Rates	Factor	PROPOSED Quarterly Rates	Percentage Change
Base Service:				
Residential-DIUC	\$ 110.38	1.00	\$ 242.14	119.4%
Residential-MUC/BP	\$ 80.72	0.73	\$ 242.14	200.0%
Commercial-DIUC	\$ 178.21	1.61	\$ 339.00	90.2%
Commercial-MUC/BP	\$ 136.60	1.24	\$ 339.00	148.2%
Multi-Family-MUC/BP	\$ 136.60	1.24	\$ 339.00	148.2%
Availability Billing-DIUC	\$ 55.19	0.50	\$ 156.18	183.0%
Availability Billing-MUC/BP	\$ 85.08	0.77	\$ 156.18	83.6%
Usage:				
Residential-DIUC	\$ 1.32	1.00	\$ 2.57	94.7%
Residential-MUC/BP	\$ 1.77	1.34	\$ 2.57	45.2%
Commercial-DIUC	\$ 1.32	1.00	\$ 2.57	94.7%
Commercial-MUC/BP	\$ 1.77	1.34	\$ 2.57	45.2%
Multi-Family-MUC/BP	\$ 1.77	1.34	\$ 2.57	45.2%

Pro Forma Existing Rates:

Service Charge Revenue	\$ 216,394.56	40.74%	92.46%	Base
Metered Usage Revenue	29,560.86	5.57%	5.57%	Usage
Irrigation Revenue	-	0.00%		
Availability Revenue	274,683.03	51.72%		
Subtotal	\$ 520,638.45			
Late Charge Revenue	10,468.26	1.97%	1.97%	
Total Revenue	\$ 531,106.71		100.00%	

Pro Forma Revenue Requirement:

		(Sch E.2 Results)	% Increase
Service Charge Revenue	\$ 493,942.23	\$ 511,498.26	136.4%
Metered Usage Revenue	67,475.62	67,503.95	128.4%
Irrigation Revenue	-	-	
Availability Revenue	626,991.50	609,414.36	121.9%
Subtotal	\$ 1,188,409.35	\$ 1,188,416.57	
Late Charge Revenue	23,894.85	23,894.99	128.3%
Total Revenue	\$ 1,212,304.20	\$ 1,212,311.56	128.3%

Service Charge Rates

	Quarterly Bills	Factor	Factored Bills	Proposed Rate
Residential-DIUC	1,061	1.00	1,061.0	\$ 242.14
Residential-MUC/BP	448	1.00	448.0	\$ 242.14
Commercial-DIUC	102	1.40	142.8	\$ 339.00
Commercial-MUC/BP	329	1.40	460.6	\$ 339.00
Multi-Family-MUC/BP	0	1.40	0.0	\$ 339.00
Availability Billing-DIUC	1,917	0.645	1,236.5	\$ 156.18
Availability Billing-MUC/BP	1,985	0.645	1,280.3	\$ 156.18
	5,842		4,629.2	
			\$ 1,120,933.73	
			\$ 242.14	

Usage Rates

	TG	Factor	Factored Bills	Proposed Rate
Residential-DIUC	11,552.9	1.00	11,552.9	\$ 2.57
Residential-MUC/BP	6,222.0	1.00	6,222.0	\$ 2.57
Commercial-DIUC	4,495.2	1.00	4,495.2	\$ 2.57
Commercial-MUC/BP	3,996.0	1.00	3,996.0	\$ 2.57
Multi-Family-MUC/BP	-	1.00	0.0	\$ 2.57
0 to 18,000 gals (quarterly)	-		0.0	
18,001 to 60,000 gals	-		0.0	
Over 60,000 gals	-		0.0	
	26,266.1		26,266.1	
			\$ 67,475.62	
			\$ 2.57	

Exhibit GCW-R1 (p. 051)